The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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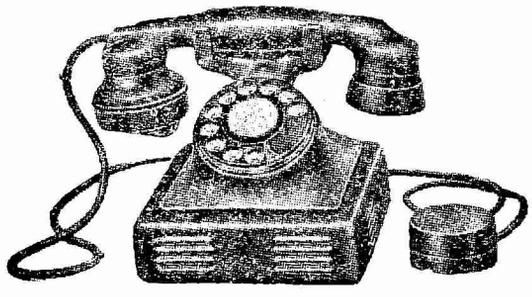

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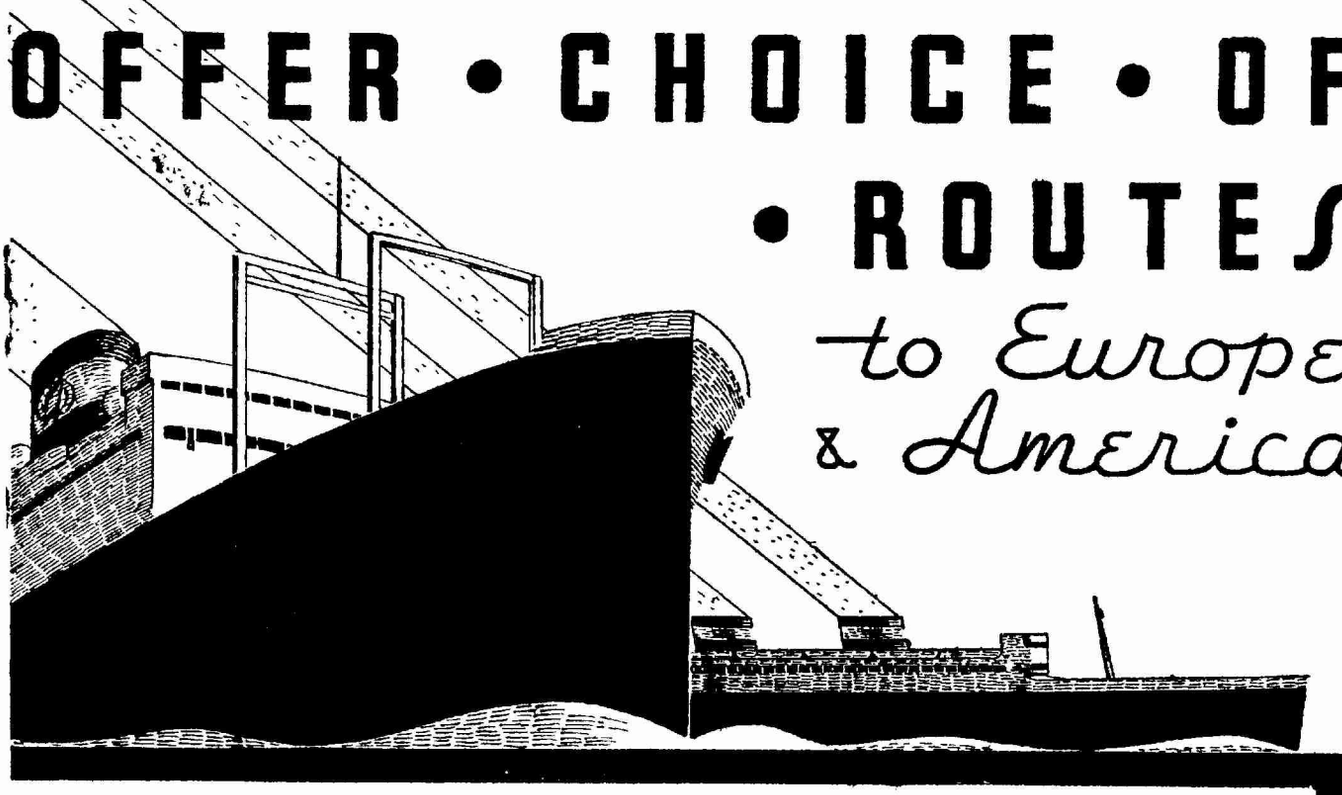

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Formerly Millard's Review

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WASHINGTON OFFICE
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ASIA REALTY COMPANY VERSUS BEAUMONT'S "SPECTATOR"

WILL Rogers, the popular American humorist and writer, always starts his articles with the sentence, "All I know is what I read in the newspapers." Rogers scarcely would be able to do this in Shanghai because many of the most interesting developments never appear in the local foreign newspapers. We referred to this point last week in connection with the recent arrest of two brothers Judah and Isaac Ezra in San Francisco on charges of smuggling opium and narcotics from Shanghai into the United States. Although full reports of the arrest and indictment of the Ezras were cabled to the local foreign newspapers, not a single one referred to the dramatic connection between the San Francisco reports and the old British opium monopoly in Shanghai which was headed for many years by the late Edward Ezra, a brother of the two San Francisco smugglers, who amused a fortune of twenty or thirty millions in the business.

This brings us to the case of Asia Realty Company, vs. Beaumont's *Shanghai Spectator* The principals in this case, which has been an absorbing topic of conversation in Shanghai for the past two weeks are the Asia Realty Company, an American (Federal) incorporated concern and one A. W. Beaumont, allegedly of Belgian nationality. The element of Belgian nationality is important because under the curious exterritorial system which prevails here Beaumont is not subject to American jurisdiction and neither is he amenable to Chinese laws. He is a Belgian and in consequence is subject only to the laws of his home country as interpreted and administered by the local Belgian consul. In the issue of the *Spectator* for June 22 there appeared a purported analysis of the last financial statement of the Asia Realty Company, said analysis allegedly being highly distasteful to the proprietors of the real estate concern. The *Spectator*, incidentally is, or was, printed by the *Mercury Press*, an American enterprise. According to Beaumont's allegation his article about the real estate company was so interesting that all the copies disappeared off the local news stands a few hours following publication; in fact he charged that someone had "bought them up." Beaumont then went back to the *Mercury Press* ordered more copies, but was informed no more of that issue or any other issue could be printed.

He then went to another printing concern known as the *Comacrib Prsss*, also an American firm, but here he also ran into difficulties for the manager of the *Comacrib Press* after actually setting-up a few pages, suddenly notified Beaumont that they likewise could not print the *Spectator*. Beaumont then took his order to a third printing plant, owned by a Chinese according to report, and thus managed to get out another edition, further reviewing the activities of the Asia Realty Company and also promising in large type, further alleged disclosures about another local realtor, the Shanghai Land Investment Company, a British concern. Also, Mr. Beaumont in this issue, told about his experiences in trying to get his magazine printed and alleged attempts to prevent him from further engaging in journalistic activities. This particular issue was dated June 29 and somewhat later he issued still another edition which he labeled a "special." The said "special" had a supplement containing the Dec. 31, 1932 balance sheet of the Asia Realty Company. Since this issue still appears on the newsstands it is assumed that no further attempts have been made to "gag" the publication. The *Spectator* usually devotes itself to local "town topics" and theatrical affairs but occasionally ventures into the activities of local foreign concerns usually resulting in the exceeding animosities of the proprietors of said concerns.

What the proprietors of the Asia Realty Company intend to do about the matter has not been stated, but the incident provides an interesting sidelight on the exterritorial system under which most foreigners conduct their enterprises in China. In this case a Belgian attacked an American company, but the Americans could not do anything about it directly because the Belgian was subject only to the laws of his home country, little far-away Belgium, as administered locally by the Belgian consular officials. However, the American-registered real estate company could, or at least did threaten legal action, against the printers of the magazine, which concerns, being American-owned were subject to American law. They were thus innocent victims of an exterritorial situation which is complicated and obsolete and detrimental to the best interests of both foreigners and Chinese engaged in legitimate business and professional activities. Two years ago there was a case in Harbin which further illustrated the absurdities of the prevailing legal situation. In that case a Japanese firm, handling American automobiles, sold a car to a Russian. The Russian made one payment on the car, then sold it to a Britisher and decamped with the money. The Japanese then brought an action against the Britisher in the local British consular court to regain possession of the car. The British consul ruled the car had been purchased in good faith by the Briton, hence the Japanese was out both car and money. But the Japanese subject didn't give up. He watched his chance and finding the motor car standing in the street, he hopped in and drove it back to his garage and locked it up. The Briton then brought an action in the Japanese consular court for possession of the car, but the Japanese consul smiled and ruled that the car did not belong to the Briton but to the Japanese dealer and that was that for the practical application of exterritoriality in Manchuria. Now the Japanese in secure military control of that area with Japanese judges in all the Manchurian courts are planning the abolition of exterritoriality in that region. However, they are hanging on to their extrality "rights" in China despite the fact their treaty expired three or four years ago. As for the other foreigners in China they also are hanging on to their so-called "rights" despite the realization that a modernization of the system which would make everybody, regardless of nationality, subject to uniform regulations would be advantageous to all concerned and serve to provide stability in an important commercial and industrial field which is now characterized by its instability. The Asia Realty Company, whose controversy with the Belgian-owned publication is referred to in the foregoing is one of the interests of F. J. Raven, owner of the American-Oriental bank and other interests. Although nothing concerning the matters discussed above has appeared in any foreign daily newspaper in Shanghai it is generally understood that they constitute one phase of the intense rivalry that exists between French and American real estate interests in Shanghai. Beaumont is stated to have the support of a local French lawyer.

SHANGHAI BECOMES GRAVEYARD FOR BETTER FEATURE FILMS

THE action of the police department of the International Settlement in barring the Metro-Goldwyn-Mayer feature film, "Rasputin and the Empress" from exhibition in a leading theater of the city was an act, the boneheadedness and asininity of which has not been surpassed in Shanghai for many a day. Then the police department of the local French Concession, which usually displays considerable independence, meekly followed suite and banned from their concession the showing of a German-made film using the same subject, "Rasputin, the Black Monk." The result is the theater-going public of Shanghai composed of several thousands of intelligent foreigners and Chinese will not be able to see these excellent films—and why? Because a mere handfull of white Russians, ex-czarist soldiers, most of them employed as policemen in the two foreign settlement, objected to the films on the grounds they detracted from the prestige of the late Czar. And the police department of the International Settlement listened to this objection and forbade the showing of the American film, claiming they feared someone might create a disturbance. The barring of the Rasputin films might not have been so serious had they been isolated incidents, but they were only two of a number of better class feature films which have suffered because of the objection of some special group in this international community. Rather we should say the whole Shanghai public has suffered because it has been victimized by special groups in the community through police connivance. Perhaps our readers may be able to make additions to the list, but according to our information the following films have either been barred or their exhibition interfered with because of objections by some national group:

1.—Rasputin and the Empress.
Objection raised by White Russians.
2.—Rasputin, the Black Monk.
Objection raised by White Russians.
3.—The Big Drive.
Objection raised by Italians.
4.—The Street Angel.
Objection raised by Italians.
5.—Harold Lloyd's Welcome Danger.
Objection raised by Chinese.
6.—Fairbanks' Thief of Baghdad.
Objection raised by Chinese.
7.—Misleading Lady.
Objection raised by French.
8.—Shanghai Express.
Objection raised by both foreigners and Chinese, but for different reasons.
9.—Storm Over Asia.
Objection by British and French police departments.
10.—Up from the Depths.
Objection by British and French police departments.

These films and possibly others were barred from exhibition in leading theaters in the city because of objections raised by national groups, which, with the exception of the Chinese represent small minorities. In addition the Germans were reported to have raised objection to a film know as "Hells Angels," parts of which were deleted and the Japanese to "Madame Butterfly" but in these cases the police permitted the theaters to proceed with the showing after the parts to which objection had been raised had been cut from the films. In most cases the oppositon to particular films had been in orderly manner, that is through protests lodged through the local consular authorities or police departments, but it has remained for the Italians to exhibit gangster tactics. Regarding the two films, "Street Angel," and "Big Drive," gangs of Italian sailors actually invaded the theaters while the pictures were being shown, and forcibly carried away the films, in one case burning it in the street before the theater. In neither case was any action taken by either the police or the Italian authorities despite the fact that serious loss was suffered by both theater and producer of the picture. Also, it is important to note that in both these instances the films had been approved by both the Board of Censors and police censor. In the cases of the two films to which the Chinese raised objection, Harold Lloyd's "Welcome Danger" and Douglas Fairbanks' "Thief of Baghdad," they were not only barred in Shanghai but throughout China. In other instances films have been barred from exhibition in the foreign settlements, only to have them shown in the Chinese administered areas in theaters adjoining the settlements where they attracted large crowds of both foreigners and Chinese. This was true with regard to the two Soviet-produced films, "Storm Over Asia," and "Up from the Depths." Both these films were barred from the foreign settlements by the police authorities merely because they were the products of Soviet Russia. One film which was barred because of French objection was on the seemingly trivial ground that an actor did not portray the character Napoleon to suit the wishes of certain French citizens who inspected the picture before it was exhibited publicly.

Aside from the heavy losses inflicted on the theaters and producers of the films, the chief loss resulting from these activities falls on the whole community which depends upon the films for education and entertainment. One would think in an international community such as Shanghai that minority national groups would display tolerance rather than narrow bigoted nationalism. In case special national groups observe films or parts of films which they consider incorrect portrayals of their country or people, they might voice such objections through the newspapers, but to force the banning of the film entirely amounts to an imposition on the whole community which is highly detrimental from the standpoint of public welfare. As for the part played by the police departments in these censorship activities there can be naught but strongest condemnation. Police departments are supposed to be guardians of the liberties of the public rather than suppressors of those liberties. Their practice in listening to these ultra-nationalistic objections of special groups can have but one ultimate effect, the closing of Shanghai as an outlet for the better class feature films and the depriving of the public here of the educational and cultural benefits which result therefrom. As the situation stands today in the International Settlement wherein are located most of the leading theaters, the police department has the last say whether pictures can be shown regardless whether they have been passed by the board of censors. This means that some policeman, who may be a good policeman, but whose intelligence may not be above the average on general world affairs, or artistic portrayal of world historical or cultural developments, becomes the actual mental and moral arbiter of the entire community in a field in which he obviously has had no special training. One wonders how much longer the intelligent members of the community, foreigners and Chinese, will put up with this state of affairs. Also one wonders how much longer the theater owners and producers who have a heavy investment in the industry will put up with a situation which obviously is decreasing the value of their properties. In other words we would like to see a test case wherein some courageous producer and theater-owner would join forces in showing a film in defiance of police objection, or to use another method, would bring an action for heavy damages against the municipality because of losses suffered in consequence of police action in banning a film merely because a few self-appointed spokesmen of some minority national group had raised objection thereto. It would seem that the recent banning of the Rasputin film would provide such an opportunity for the picture was approved by the censors and heavy losses undoubtedly have been suffered, and since the public has been victimized because of police stupidity, we are sure that such a test case would receive the approval of practically the entire community.

League to Cooperate with China on Reconstruction Measures

The Council of the League of Nations at Geneva, July 3 discussed the request of the Chinese Government, submitted by T. V. Soong, the Chinese Finance Minister, for technical collaboration between the Chinese Government and the League on reconstruction in certain model provinces. The idea was approved in principle.

Japanese Army Stages Another "Systematic" Anti-Bandit Drive Throughout Manchuria

THE official Japanese *Rengo* news service, in a Changchun report dated June 14, announced the beginning of another "systematic" anti-bandit campaign throughout the Manchurian provinces which will be participated in by the Imperial Japanese Army and the so-called Manchukuo troops. To quote from the report, "The drive is expected to result in unparalleled peace and order throughout the country." The *Rengo* message went on to say that the number of "bandits" in Manchuria has been reduced from 210,000 last summer to a present estimated number of 150,000. But the present 150,000 bandits in Manchuria, the report carefully pointed out, have no "political" motives since "almost all the anti-Manchukuo groups with political motives disappeared with the downfall of Marshal Chang Hsueh-liang, or were greatly reduced in strength with the dissolution of the so-called National Salvation and Anti-Japanese Association." However, some of the patriotic groups formerly under such leaders as Ma Chan-shan, Su Ping-wen and Li Tu, which were broken up by the Imperial Japanese Army have since turned into "plain bandits." More than a year ago the Japanese military authorities announced the inauguration of a so-called "ten-family" scheme as a means of eradicating Manchurian banditry, whereby the entire population of 30,000,000 was to be divided into groups of ten families and each group to be made responsible for preserving peace. What has happened to this scheme is not known, but the *Rengo* message referred to in the foregoing stated that following the present drive a "Central Peace Preservation Committee" is to be formed with branch committees in each district or hsien (county) which will be headed by a Japanese military officer. Since the number of hsiens or countries in Fengtien, Kirin, Heilungkiang and Jehol is 157 this means the establishment of 157 Japanese-Manchukuo garrison throughout the entire territory, amounting to complete military occupation, for most of these areas are isolated and of necessity will require a considerable number of troops. Another interesting phase of the anti-bandit campaign was the publication of a military order forbidding the Chinese farmers from planting any tall grain such as corn or kaoliang within five miles of any railway, an obviously severe measure since the regions adjacent to the railways always have been the most intensely cultivated.

The number of Japanese and Manchukuo troops which will be required for the inauguration of the new system has not been announced, but one would imagine that each Japanese commander would require at least 500 troops. This would make a force of approximately 90,000 in the peace-preservation corps alone and since Japan also maintains, under the **Manchukuo protocol**, a large "national" protective force estimated from 50,000 to 80,000, it means that the Manchurian peasants have not been relieved of the burden of supporting a large army, despite the declarations of the Japanese military authorities that their chief object in Manchuria was to eliminate the military incubus which previously existed when the Manchurian provinces were under Chinese control. The only difference is that the Chinese army has been broken up or driven out, excepting the 150,000 so-called "bandits" and its place has been taken by the Imperial Japanese Army and a large number of so-called Manchukuo troops which are subject to the orders of the Japanese Commander-in-Chief who now rules the country. The Chinese peasants obviously have not been relieved of any military burden; on the contrary their burden probably has been greatly increased due to the fact that Japanese soldiers cost more to support than was the case when the Chinese troops were in control.

The reason why the Japanese military authorities have been compelled to embark on another grandiose anti-bandit campaign is graphically illustrated by the reproduction of headlines from various newspapers in the Far East, which appears on the opposite page. With the exception of one or two items, most of these newspaper head-lines appeared over newspaper accounts of bandit activities which occurred during the month of June. One notable exception was a report which appeared in the *Japan Advertiser* (Tokyo) on May 28 telling of the arrest of one Kiyoshi Mitani, a former officer in the Japanese Army, who had been appointed chief of police affairs in the Mukden provincial government. Another Japanese arrested at the same time was named Miyoichi Nakano and according to the report in the Tokyo newspaper the two had been involved in the looting of a $5,000,000 estate near Mukden which formerly had belonged to Chang Tso-tao, a brother of a former Chinese military leader in Kirin province. Major Mitani, at the time of the Japanese occupation of Mukden on Sept. 18, 1931, was a commander in the Japanese gendarmes. Taking advantage of the opportunity provided when the Chinese administration was overthrown, Major Mitani and his associates in the Japanese military police organization looted the Chang estate of some $400,000 in actual silver and other movable properties and in addition disposed of some $3,000,000, worth of Chang's real estate by means of forged title-deeds and also disposed of some $500,000 worth of stock-certificates in various Manchurian enterprises which Chang had owned. Another "small item" amounting to $150,000 represented jewelry and other articles of value which the Japanese major looted from a safe in Chang's house. This report served to confirm other reports which have appeared in the Chinese newspapers from time to time alleging that Japanese military officers have thoroughly looted the properties of wealthy Chinese who formerly resided in Manchuria. Chinese merchants, former officials and professional men who have fled by the hundreds from Manchuria since the Japanese occupation claim that in the 21 months which have elapsed since the original occupation, Japanese military officers or adventurers who have flocked into the country have thoroughly looted the country of properties

A MONTH'S RECORD OF "PEACE AND ORDER" IN MANCHUKUO

Eleven Prisoners Of Pirates Freed

Manchukuo Ship Fires On Brigands; Vessel

COAST GUARDS RESCUE 11 FROM MANCHURIA BANDITS

Savings Passbook of Yutaro Takamoto Found Among Rob- ... Search Is Started

THE MANCHUKUO BANDITS

JAPANESE LAUNCH A TERRIFI... OFFENSIVE

MANCHU GUARDS ARE DISARMED

Many Had Secretly Joined Bandit Forces

Details of Koupangtze Hold-up Reveal Abject Cowardice and Great Bravery

RUSSIANS DIE ON DUTY

RENGO

CHINESE AND KOREAN COMMUNISTS IN TUNGPIENTAO AGAIN BECOMING ACTIVE

VOLUNTEERS ATTACK YINGKOW

GENDARME OFFICER HELD FOR STEALING CHINESE'S FORTUNE

Former Squad Commander Accused of Seizing Huge Estate at Time of Mudken Outbreak

ACCOMPLICE IS TAKEN HERE

Allegedly Hired Chinese Actors to Dupe Bankers in Order to Withdraw Accounts

COURT-MARTIAL

Bandits Plunder Train

Outlaws Halt Cars, Pretend To Be Passengers

Strong Guard Protects Japanese Archeologist On Manchurian Quest

COMBINED FORCE OF BANDITS DEFEATED

RENGO

Manchu Nippo

JAPANESE AND MANCHOUKUO POLICE AUTHORITIES START DRIVE AGAINST BANDITS

ARMY MUTINY IN MUKDEN

1,000 Routed Chinese Rise in Arms

TUNGFENG STORMED

IMPORTANT POINT IN PREFECTURE OCCUPIED

Communists Active Again At Tungpientao

Mutiny Reported In Manchukuo

Hsinking Uncovers Plot Of 1000 Officers, Men

FIVE ARE KIDNAPPED FROM MUKDEN TRAIN

Japanese and Four Manchurians Seized by Bandits Who Go Aboard in Disguise

Bandit Total In Manchuria Said Declining

Numbers Of Bad Men Dwindle To 60,000, Authorities Report

Represents Decrease Of 150,000

Big Plot to Disturb Hsinking Discovered

Chiang Kai-shek Now Pulling Wires Behind Many

Bandits Loot Tiehling, Fire Public Buildings; Repulsed By Japanese

MANCHOUKUO ANTI-BANDIT CAMPAIGN

BANDITS DECIDE TO GIVE UP PROFESSION

...GIVE IS LAUNCHED

...t Received Well-Armed ...e of 1,000 Marauders

RENGO

Craven Guards Surrender to Train Bandits

BANDITS IN NORTH MANCHURIA BELIEVED AIDED BY COMMUNISTS

SCIENTIST PROTECTED BY ARMED GUARDS

On this page are reproductions of headlines from English-language newspapers in Japan and China, referring to bandit activities and mutinies in Manchukuo. The newspaper headlines tell the real story of "peace and order" in Manchukuo as it existed during June of this year.

formerly belonging to the Chinese and in innumerable cases have even disposed of Chinese real-estate holdings. A few weeks after the Mukden occupation, a Japanese real-estate company in Mukden sent out letters to hundreds of Chinese land-owners in the Mukden district claiming the lands were owned by the Japanese company. The Chinese were ordered to appear before a certain date and pay their "rent" otherwise their land would be confiscated. When the Chinese farmers appeared they were shown title-deeds, obviously faked, indicating Japanese ownership, but since the Japanese land company had military protection, the Chinese farmers were at their mercy. This apparently was the method pursued by Major Mitani, whose arrest was brought about by another Japanese named Nakano who had gone to Japan and complained to the Japanese authorities. In addition to this incident there was another recent report of a high Japanese military officer who was arrested at Antung on the Korean frontier for having more than $30,000 worth of jewelry concealed on his person.

But to get back to the Manchurian banditry situation, the writer of this article has before him some thirty clippings from English language newspapers published in Japan and China, telling of incidents which occurred in the northeastern provinces during the month of June, just past. These incidents range from rebellions among the so-called Manchukuo troops and plots to assassinate high officials in Hsinking (Changchun) to a serious train hold-up on the Yingkow-Kuopangtzu railway wherein a Japanese merchant and two Russian train guards were killed and 30 passengers carried away for ransoms. This incident occurred on June 22, the number of bandits involved being 200. Some 160 passengers on the train were thoroughly looted, the bandits making a complete get-away. One item told of the operations of a gang of 1,000 Chinese who styled themselves the "Crimson Spear League," which stormed the Tungfeng prefecture near Mukden on June 3. Public buildings were occupied or burned and the city of Mukden was terrorized before the Japanese army appeared on the scene and dispersed the outlaws. The Japanese command lost two killed and three wounded in the battle. Another report, also on June 4 (*Osaka Mainichi*) told of the discovery of a serious plot to murder the Manchu Boy-Emperor Henry Pu-Yi and Marshal Nobuyoshi Muto, Japanese Ambassador to Manchukuo. The report alleged the plotters had been sent to Hsinking by Gen. Chiang Kai-shek. On June 12 a report through *Reuters* from Changchun stated that eight Chinese had been arrested for trying to cause a mutiny among the 1,000 officers and men of the Manchukuo garrison stationed at the capital city. The men were also alleged to have been sent to Manchuria by "prominent persons" in China. The report stated some would be executed and the others sentenced to heavy terms of imprisonment. On June 14 *Rengo* reported that Korean and Chinese "communists" in the Tungpientao region whose activities were curbed by the Japanese troops last fall "have again become active in accordance with instructions from their headquarters in Harbin." The *Japan Chronicle* (Kobe) reported on June 20 that a "terrific general offensive" had been launched by the Iwata contingent on the combined bandit forces of Lu Chih-chieh and Kao Tien in the Tachihohiao region. One Japanese officer was killed and several men wounded in the fighting. The Japan *Advertiser's* account of the same incident stated that the battle became so furious that the Japanese had to order the Chinchow air force to cooperate. As a result some 80 bandits were killed by the "incessant bombardment." On June 17 another force of 1,000 bandits attacked Itung prefecture in Kirin province and "committed all kinds of outrages" before the Japanese garrison at Kungchuling appeared on the scene. A Japanese private soldier was shot and killed by two "ruffians" at Mukden on the night of June 17 and on the same evening a fire, supposedly of incendiary origin, broken out in the Japanese barracks at Kungchuling. The Japanese passenger train running between Antung and Mukden was attacked on the night of June 18 at station Tungyuanpu by Chinese bandits and a Japanese woman passenger was wounded. On June 11 bandits at Hengtaohotze on the Chinese Eastern line demanded $8,000 from each departmental chief on the railway, otherwise they would be kidnapped. A. Andre Boixo, a French banker at Mukden was threatened with death unless he sent $25,000 to the bandits. The *Manchuria Daily News* on June 23 reported a clash lasting an hour and a half between a force of 400 bandits and the Japanese Yamane detachment at Papangchen, south of Anshan. Some 50 Chinese were killed while Japanese losses were one killed and four wounded. The bandit gang led by Pei Yang-chao and Hai Kuan had surrounded 60 Manchukuo patrols. The *Japan Times* (Tokyo) on June 24 reported that 100 Manchukuo guards posted on the Kirin-Tunhwa railway had been disarmed by the Japanese because of a report they were secretly cooperating with outlaws in attacking trains and destroying the tracks. More than 90 other guards escaped with their arms prior to the arrival of the Japanese troops. Two Japanese overseers on railway construction work near Shuilientung station on the Mukden-Hailung line were kidnapped on June 3 by a gang of bandits which raided the station and got away before Japanese troops could reach the scene.

A further sensational incident which created a panic among the foreigners in Mukden was an attack by bandits on George Alfred Flynn, 27 years old American citizen who is an employe of the Texas Oil Company. The bandits broke into Mr. Flynn's home in the early morning of June 17 and stabbed Mr. Flynn in the stomach causing a serious wound. Mr. Flynn and his wife were then bound while the bandits looted the house and escaped. Mr. Flynn is now in the hospital. The Japanese Consul-General in Mukden issued a statement that the attack on Mr. Flynn was political, in that the bandits were trying to discredit the Japanese position in Manchukuo.

In spite of this rather depressing record compiled from the newspaper reports, the Japanese military authorities however express optimism regarding the future, in proof of which a *Rengo* message from Harbin on June 29 stated that fifteen bandits leaders of Wuchanghsien, Kirin had agreed to give up their profession "and join the Japanese vigilance corps." The report stated that the bandit leaders had agreed that "in view

of the growing strength of the new state, brigandage was no longer profitable." In consequence they had agreed to join the Japanese vigilance corps, the expense of which was to be paid by the Chinese land-owners of the district. Also, the Japanese apparently have discovered the sinister hand of the Soviets behind the banditry for another *Rengo* message from Harbin alleged that numerous Soviet-manufactured rifles were found in the possession of bandits on the eastern section of the C. E. R. Also a Russian interpreter was found in one bandit camp.

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FROM bandits we now turn to scientific investigation: In this connection, *Rengo* reported from Tokyo on June 26 that the well-known Japanese archeologist, Dr. Tokunaga, had organized a party which will carry out "important scientific explorations in Manchuria, Jehol and Inner Mongolia." The scientific expedition will be accompanied by armored-trucks and a guard consisting of 30 military reservists armed with rifles and machine guns. There is special interest in this expedition for the *Rengo* message stated the object would be to unearth prehistoric animals, including mammoths and valuable stone implements, proving that Manchuria was inhabited by man more than 100,000 years ago. The actual digging will be performed by 20 Russians who will accompany the party, Dr. Tokunaga being accompanied by 21 other scientists. The reason we stated there was "special interest" in this announcement is that Dr. Tokunaga's expedition will invade the area which previously was explored by Roy Chapman Andrews of the American Museum of Natural History of New York. When Andrews had his row with the Chinese scientists at Peiping a year ago he announced his intention of transferring his activities to Manchukuo. The Japanese report indicated that it may not be necessary for Andrews to return to the Far East at all as the Japanese scientists probably will be able to handle the work unaided by the eminent American scientist and chautauqua lecturer.

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THE Imperial Japanese Army insists that Manchukuo must be represented at the forthcoming biennial conference of the Institute of Pacific Relations, regardless of the fact that the delegations from all the other countries about the Pacific have turned down the proposal. A report in the *Japan Advertiser* on June 25 quoted a high Japanese military officer, member of the General Staff, as declaring that Manchukuo would be represented regardless of the wishes of the other delegates. An inspired report in the Tokyo *Nichi-Nichi* stated further that the Army was determined upon Manchukuo representation, hence a delegate would be there when the meeting opens in August in Banff, Canada. The *Nichi-Nichi* quoted "certain army circles" as alleging there is a conspiracy on the part of the United States, Canada, Britain and China to prevent Manchukuo from sending representatives, but despite this the Japanese Army is determined to have a Manchukuo representative at the meeting. In this connection five arguments for Manchukuo representation were advanced (1) Japan insists upon the recognition of Manchukuo as a basis of peace in the Orient, hence there can be no reason for the conference without Manchukuo representation; (2) the object of the conference is to make practical and constructive efforts toward removing the various difficult international problems in the Pacific area, hence Manchukuo must be represented; (3) the 1929 conference at Kyoto discussed China's foreign relations while the 1931 conference at Shanghai avoided the Manchurian issue. It is therefore impossible to discuss the Manchurian problem without a Manchukuo representative being present; (4) Manchuria has a population of 30,000,000, while the Philippines with a population of 12,000,000, Canada with a population of 10,000,000 and Australia with a population of 6,000,000, none of which are independent, will be represented. Therefore, Manchukuo, independent and with a tradition, cultural, political and economic background of its own, should be represented; (5) because of Japan's withdrawal from the League that organization has become a mere organ of Europe, hence Manchukuo should be represented at the Institute of Pacific Relations, etc., etc.

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THE officials of the Japanese government-controlled South Manchuria Railway announced at Dairen on June 29 that the net profits for the fiscal year would amount to Yen 20,000,000 instead of Yen 65,000,000 as previously announced. Owing to the good feeling which has been engendered by the profitable year's working it was decided to appropriate Yen 400,000 as bonuses to the officers and staff, the president's share being Yen 80,000, vice-president Yen 60,000 and five directors Yen 40,000 each and three other directors who served only a half year will receive Yen 20,000 each. Bonuses also will be given the staff. The Soviet Russians, in commenting on the profits of the S. M. R. called attention to the fact that these profits had been made possible by the activities of the Imperial Japanese Army which had seized all of the competing Chinese lines and had so interfered with the Russian-owned Chinese Eastern line that it practically had gone out of business. The result was that the Japanese railway had enjoyed a monopoly and thus had shown a handsome profit. The S. M. R. lost money in 1931.

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WE thought the Japanese had monopolized all of the public utilities and resources of Manchuria, including railway transportation, radio, telegraph and telephone communication, electric light and power plants, waterworks, manufacture of weights and measures, etc., and ever the sale of soya-beans, but we apparently overlooked the salt monopoly. The production and sale of salt always has been a government monopoly in China, hence it was natural that Manchukuo should take over the salt monopoly when the puppet state was formed. But Manchukuo is not to enjoy the monopoly any longer for a *Rengo* report from Hsinking on June 30 stated that the Japanese military authroities have formed a joint Japan-Manchukuo salt company which will finance the industry and encourage production and export. It is hoped to export 500,000,000 pounds of salt from Manchukuo to Japan in the coming year.

THE new Manchukuo navy which is being constructed for the puppet state by the Imperial Japanese Navy now has three ships, the latest being two gunboats, the Tatung and Limin, which were launched on the Sungari river at Harbin on June 28. The boats were built by the Mitsuibishi Zosen Kaisha at Nagasaki and shipped to Harbin to be assembled. The boats have a displacement of 50 tons each and carry light guns and armament. Another warcraft for coastal defence purposes, styled an "ice-breaker" was launched sometime ago, the *Rengo* report stating it would be used for patrol purposes in the summer season. It has been charged at the League and elsewhere that Japan has begun construction of several fighting-ships which will be turned over to Manchukuo and headquartered at the revived naval base at Port Arthur. The Geneva reports claimed Japan was using this method of getting around the London Naval Agreement, meaning that the warships assigned to Manchukuo would really be part of the Imperial Japanese Fleet and thus enable Japan to achieve full naval parity with the United States and Great Britain, while still nominally living up to the London naval agreement.

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A DISPATCH from Dairen through *Rengo* on July 1 announced the scheduled arrival on July 10 of the "second batch of armed immigrants" to Manchuria. These so-called armed immigrants are military reservists from Japan who are being sent to Manchuria and settled in permanent military camps adjacent to the Russian border. They are paid by the Japanese Army and when not engaged in defending the border, will devote their leisure time to agricultural pursuits and stock-raising. A report in the Japanese newspapers sometime ago stated the Japanese General Staff hoped to send 500,000 of these armed immigrants to Manchukuo in the next five years.

Reasons for Japan's Sudden Desire for an Arbitration Treaty With the United States

DESPITE denials from various quarters there is no disputing the fact that Japan is trying to negotiate an arbitration treaty with the United States. Japan's first move in this direction was in connection with the Roosevelt-Ishii conversations held in Washington, between May 25 and 28. Although little has appeared in the American newspapers on the subject, sufficient has appeared in the Japanese newspapers to indicate that Tokyo has suddenly decided that such a treaty would be highly desirable. The *Japan Advertiser* on June 11 published a report stating that "as a sequel to Viscount Ishii's visit to President Roosevelt on May 24, an agreement was reached to conclude a new arbitration treaty between the Japan and the United States for the purpose of settling various question now pending between the two countries. This report in Tokyo naturally was cabled to Washington and as a result President Roosevelt denied that any such agreement had been reached, the White House spokesman stating, "Mr. Roosevelt discussed practically the entire field of international relations with Viscount Ishii during the latter's stay in Washington, but the understandings reached between himself and the Japanese envoy did not include the negotiation of a new arbitration pact."

Despite this denial the Japanese newspapers published "on good authority" an alleged draft of the proposed treaty which included the following points,

1. Japan and the United States of America, in view of their friendship in the past, conclude the American-Japanese arbitration treaty as an indication of further friendship and sincerity between the two countries.
2. The treaty provides that all disputes arising between the contracting parties shall be submitted to an International Investigation Committee for solution.
3. Matters to be referred to the International Investigation Committee shall be limited to legal problems and those disputes arising from interpretation of the existing treaties between the two countries. Problems having a close connection with national honor and interest of the contracting parties shall not be bound up by decisions of the committee.
4. The International investigation Committee shall be comprised of five members. Japan and America shall each select a member from among their own nationals and a member each from countries other than the contracting parties. Another member shall be jointly recommended by Japan and America.
5. The terms of the treaty shall be decided by negotiations between the two countries, but as a whole it shall be renewed every year.

The Tokyo *Asahi* in commenting on this stated the Foreign Office had for sometime been developing the conviction that some sort of an agreement to guarantee peace between America and Japan should be concluded shortly to take advantage of the renewed friendly relations which had resulted from Viscount Ishii's visit to Washington. However, other reports in other Japanese newspapers, particularly the *Japan Times* (Tokyo) indicated that the foregoing draft of a proposed arbitration treaty was not exactly what Japan wanted at this time. According to the report which appeared in the *Times* on June 10, it was suggested that the proposed arbitration treaty might also contain a clause "expressing Japan's recognition of the Monroe Doctrine of the United States and America's recognition of the Asiatic Monroe Doctrine of Japan." There then followed an extended discussion of two previous treaties of arbitration between Japan and the United States, both of which have lapsed, but it was stated that a renewal of these pacts would not quite fulfill Japan's present wishes. Also, it was suggested that the proposed Japan-American arbitration treaty might follow the terms of the recently concluded Japan-Netherlands arbitration treaty which provides for the final reference of disputes to The Hague.

Before proceeding to a discussion of possible motives for Japan's sudden desire for an arbitration treaty with the United States it should be stated that despite denials that such a treaty is under consideration reports of same still persist, the latest being that the subject is under discussion at London between Viscount Ishii and Secretary of State Hull. The Nanking Foreign Office

issued a report through *Kuomin* on June 23 claiming there was no foundation for the reports. Officials of the U. S. Government were quoted as stating that Japanese interpretation of the Monroe Doctrine were so at various with the American conception of the well known American policy. "that the U. S. Government could not subscribe to the Japanese view." The *Osaka Mainchi* on June 20 published a report headed, "Will America Give Japan a Free Hand in the Far East?" There then followed a dispatch from Berlin quoting the *Boersen Courier* as suggesting that the subject of an American-Japan arbitration treaty might have been suggested while Admiral Montgomery M. Taylor was on his recent visit to Japan. Quoting from the German paper, "The arrival of such an understanding is possible only if the United States accepts Japan's predominance in the Far East as the United States in North and South America on the virtue of the Monroe Doctrine. Such a situation would be of the utmost importance to Europe since America would be enabled to transfer her fleet from the Pacific to the Atlantic in readiness for political decisions in Europe."

In order to understand Japan's possible motives for desiring an arbitration treaty with the United States at this time it is necessary to examine reports cabled from Washington giving purported extracts from the Roosevelt-Ishii conversations in Washington, May 25-28. One such report in the *Osaka Mainichi* on June 13 stated that President Roosevelt had referred to the Manchurian question from the standpoint of its bearing on the World Economic Conference in London, and according to the Japanese version, President Roosevelt "had assured Viscount Ishii that the U. S. Government had no intention of interfering with Manchuria, in which Japan thinks she has legitimate rights and interests." President Roosevelt also stated that in case Japan wished to do so, "she might ask for reservations on the Chinese and Manchurian questions." Viscount Ishii then intimated that Japan intended to introduce at the Economic Conference a resolution looking to the outlawing of commercial boycotts as a means of settling international conflicts. He then inquired whether the United States would support Japan in this connection. Roosevelt's reply to this was not given in the Japanese report, the next paragraph referring to naval limitation. In this connection President Roosevelt was quoted as declaring the United States was prepared to make important initial sacrifices in order to assure international agreement, but,

> "In the event of other nations deliberately ignoring the American intention and proceeding to increase their armaments, America will be compelled to join in the armament race. For that purpose America was prepared to spend U. S. $4,000,000,000 in the construction of new ships of war."

There then followed a discussion of reports which had appeared in the newspapers regarding a pending war between America and Japan, wherein President Roosevelt was quoted as declaring he did not believe such a conflict ever would occur in the Pacific. It was at this point that Viscount Ishii suggested that an effective way to prevent the circulation of such "wild rumors" would be to cement the friendly ties between Japan and America, "by concluding between them an arbitration treaty, following on the whole the example set by the Bryan arbitration treaty which formerly existed between the two countries, but which went out of effect in 1928." President Roosevelt was quoted as expressing approval of this idea and inquiring whether Viscount Ishii had any definite plan of procedure. The report in the Osaka paper concluded with the following paragraph, "While Japan will gladly assist the United States in carrying the London Conference to a successful end, America on her part would give moral support to Japan in her efforts to outlaw economic boycotts."

This purported summary of the Roosevelt-Ishii conversations took place on May 25, according to the Japanese report. However, a later report in the Osaka Mainichi referring to the Roosevelt-Ishii conversation on May 28 quoted President Roosevelt as making a much more emphatic statement on the Manchurian question. This report was as follows,

> "I trust Japan. She will surely declare that her true spirit is against violation of treaties. Then couldn't Japan strive to show in deeds that the Japanese are a people of peace? Although I recognize the special position of Japan in Manchuria, yet the Japanese actions are generally deemed to be in violation of treaties or unreasonable. Japan certainly must have had proper reasons for acting as she has. But isn't it a weak point on the part of Japan to allow her actions to be regarded as violation of the pacts?"

While the foregoing is only a Japanese newspaper version of what took place during the Roosevelt-Ishii conversations, it does serve to give some idea as to what Viscount Ishii was trying to accomplish. Prior to his departure for Washington it was widely published in the Japanese press that he would attempt to induce the United States to reaffirm the old Lansing-Ishii Agreement of Nov. 2, 1917 which was renounced by the United States Senate in 1922 following the Washington Arms Conference. In this agreement Secretary of State Robert Lansing in a note addressed to Japan declared, "The Government of the United States recognizes that territorial propinquity creates special relations between countries, and, in consequence the Government of the United States recognizes that Japan has special interests in China, particularly in the part to which her possessions are contiguous." While the next paragraph in the Lansing note reaffirmed the established American doctrine pertaining to the territorial sovereignty of China, the Japanese interpreted the American declaration as a recognition of Japan's "predominant" position in China, or at least in Manchuria, Shantung and Fukien provinces. Following the negotiation of the Nine-Power Treaty at the Washington Arms Conference wherein the policy of the Open Door and the territorial sovereignty of China were definitely reaffirmed and signed by all the Powers, including Japan, the United States immediately cancelled the Lansing-Ishii agreement, thus putting an end to the Japanese contention that America had recognized Japan's so-called "Special Position."

It therefore seems logical to conclude that one of the chief objects of Viscount Ishii and the

Tokyo Government in pressing for an arbitration treaty at this time is to use it as a cloak for covering some sort of American recognition of Japan's so-called Asiatic Monroe Doctrine. However there are other, and possibly more important reasons, one having to do with rumors that an attempt shortly is to be made to "put teeth in the Kellogg Anti-War Pact. This report apparently had its origin in the recent proposal at the Geneva Arms conference to establish a definition of an "aggressor," as falling under any of the five following conditions as suggested by the Security Sub-Committee of the Disarmament Conference,

1. A declaration of war.
2. The invasion of the territory of a State even without a declaration of war by armed forces of another State.
3. Attack by land, naval, or air forces on the territory of another State, of its vessels or its aircraft.
4. Establishment of a naval blockade of the coasts or ports of another State.
5. Support given to armed bands which have invaded territory of another State.

The Japanese for obvious reasons expressed strong opposition to this proposal, various high military officers repeating the old declaration that Japan's position was peculiar in that she has to contend with two neighboring countries, China and Russia, which make it necessary for her to defend herself by means of armed force. One military spokesman declared that Russia is warring with Japan by means of "dangerous thoughts," while China is constantly warring with Japan by means of the economic boycott, "hence Japan, if she is to survive, has no other means of combatting them except by direct and open armed force....Japan has to deal with stern realities which do not permit her to indulge in ideals which would be useless in practice and even disastrous....If Japan joins in the proposed consultative pact or any other international measure designed to strengthen the international machinery of peace, she can only do so on two conditions: (1) that 'thought' propaganda and the boycott be declared aggressive weapon of war and (2) reaffirmation of the doctrine that the right of self-defence is the sovereign right of a state and does not permit of interference or interpretation by any third party."

A further and possibly the most vital reason for Japan's desire to improve her relations with the United States through the negotiation of some form of arbitration treaty is concerned with the breakdown of the Geneva Arms Conference. Space is not available for an extended discussion of this issue, but the important point is that the United States after an extended holiday in warship construction since the close of the Washington Arms Conference in 1922, has again started construction, the intention being to bring the American Navy up to full treaty strength in the shortest possible time. The latest on the subject was a dispatch (*Reuters*) from Washington on June 30 stating the General Naval Board and the Secretary of the Navy had declared in favor developing two main naval bases on each coast and the building of the fleet to maximum war efficiency permitted by the London Naval Treaty. Another report from Washington on June 21 quoted Henry Roosevelt, Under-Secretary of the Navy, as stating the United States would spend the sum of U. S. $86,000,000 in the 1934 fiscal year; that $40,000,000 would be expended on ships already under construction and $46,000,000 for starting the new-ship program, for which President Roosevelt has approved a $238,000,000 allotment out of the public works fund. The Under-Secretary said that with 17 ships now under construction the Navy expected to have 49 ships in process of building by the end of the 1934 fiscal year. The new U. S. Naval expansion program also includes the extension of the Naval air-service, including the putting in commission of approximately 300 additional aircraft, most of which are to be based on the Pacific coast.

While Japan is demanding complete naval parity with the United States and Great Britain, and according to report has already violated the London agreement by secretly constructing warvessels on the account of the puppet state of Manchukuo, Japan obviously is in no financial condition to embark on a race in naval construction with the United States. Therefore, another reason why Japan has suddenly decided that an arbitration treaty with the United States would be highly desirable. A still further reason is to be found in the present extremely unsatisfactory status of Anglo-Japanese relations resulting from the enforcement of discriminatory tariffs against Japanese products in the various British colonies and dependencies.

Finally there is the realization which has come to Japan that her position of diplomatic isolation following withdrawal from the League is not so desirable as her militarists and diplomats thought when they instructed Mr. Matsuoka to walk out of the Conference on the Manchurian Question. This has explained many of the curious diplomatic maneuverings which have taken place in Japan since her withdrawal from the League, including a half-hearted attempt on the part of certain of her diplomats to re-establish relations with China—with the reservation, of course, that China should recognize the independence of Manchukuo. To quote from a recent statement in the *Japan Chronicle*, "there seems to be much confusion of thought among the Foreign Office authorities as to how to shape the country's foreign policy." A realization of this feeling now prevalent in Japan, combined with other elements mentioned in the foregoing makes it more or less apparent why Japan should wish to negotiate an arbitration treaty with the United States. To quote further from the account in the *Chronicle*.

> "The so-called initiative policy laid down and acted upon since Japan's withdrawal from the League of Nations is that while co-operating with other Powers, as far as circumstances permit on disarmament economic and social problems, Japan should emphatically reject interference by third Powers in all political problems in the Far East centering in the Sino-Japanese controversy. The prevalent view among the statesmen of the world is that Japan's withdrawal from the League of Nations threatens to incommode seriously the execution of her foreign policy in future.
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> "At the present moment, the Western Powers are too engrossed in measures to eliminate the world depression to show positive interest in the Far Eastern situation, but in the event of the economic reconstruction in their countries being achieved, the Western Powers will, no doubt, come to put harder political and economic pressure on Japan. The Japanese authorities, must therefore, pay close attention to the future trend of the general sentiment

of these Powers and the vindictive preparations that may be started by them against Japan. At the same time, they must hereafter try to restrict Japanese armed action as far as possible, now that the question of the independence of Manchukuo has been practically settled, with a view to warding off the threatened contingency of complete isolation in international politics.

"It is said that the suggestions made by Mr. Matsuoka and others along these lines have impressed the Premier and other Ministers considerably, as can be inferred from the increasing zeal that has been shown by the Foreign Office authorities of late to improve diplomatic relations in various directions.

"On the other hand, the view is growing among the military authorities and a section of the Foreign Office that Sino-Japanese co-operation is of greater urgency and importance than co-operation with other Powers. It is held that unless Sino-Japanese co-operation is brought about, permanent solution of the Far Eastern problem is impossible. The Chinese authorities, Central and local, should, therefore, be approached with overtures for an expression of view on the idea of a political and economic bloc, which the Japanese advocates of this line of policy think imperative for the guarantee of the lasting peace and happiness of the Far Eastern peoples. With this end in view, it is believed, they are putting greater energy into the work of realising Sino-Japanese rapprochement.

"Their policy is said to be based on the following point of view:—

"1.—The Japanese Government need not grudge Britain, America and other Powers as much co-operation as possible in the Far East, but the first requisite for the completion of the independence of Manchukuo is Sino-Japanese rapprochement based on China's correct understanding of the situation in the Far East.

2.—If China shows sufficient appreciation of Japan's position and her point of view in the matter, Japan ought to be ready to afford her both moral and material help. She may even be ready to conclude an offensive and defensive alliance with China.

"3.—This policy is not inspired by antagonism against any third Powers, but should any Power or Powers attempt to put obstacles to Japan's pursuit of this policy, she is ready to resist such attempts vigorously."

How Japan Went Behind the Tangku Truce Agreement

BY A FOREIGN CORRESPONDENT IN PEIPING

JAPAN has shown her hand again and it shows no change, she is going behind the Tangku armistice agreement just as she has gone behind the stipulations and agreements of every international document of importance that she has signed.

The Chinese delegates who went to Tangku signed a document in good faith; they have carried out their promises to the letter. The Japanese delegates apparently did not sign in good faith for they are not abiding by the terms of the agreement and show no intention of so doing.

Some months ago General Koiso, who is the brains behind Muto the figurehead, told foreign correspondents in Manchuria that the rich area represented by the Luantung region was necessary to Manchukuo—she needed its products, chiefly foodstuffs to feed her army in Jehol. Then at Tangku the Japanese delegates signed a document in which they pledged their word to withdraw their forces to the Great Wall when the Chinese had complied with other terms.

One wondered what was wrong, whether Koiso had overreached himself or changed his mind. The truth seems now to be showing itself. Koiso was right, the Japanese intend to keep a stranglehold on the Luantung area. They will not withraw all their forces to the Wall. They intend to leave sufficient Manchukuo forces inside completely to control the railway between Shanhaikwan and Tangku and these cannot be shifted because China has pledged her word not to send a single soldier east of the line laid down by the Tangku agreement. This pledge she is keeping. A Japanese official in Peiping recently stated that the Chinese troops were more than observing the agreement, in most cases they were miles west of the line laid down in the Tangku treaty.

Japan pledged herself to withdraw all her troops to the Great Wall when she signed the Tangku treaty. This pledge she has not kept and shows no intention of keeping for she is using her position as victor in the North China war to force China to receive into the family a horde of Manchukuo troops. Not only that, but she is dictating exactly where those troops shall be stationed after she has forced China to accept Chinese enemies as friends and brothers. Also, and this is a matter of very great importance to all patriotic Chinese whether in the Government or out, recent developments at Dairen have shown that Japan is now putting strong pressure on the Chinese military leaders in the north to recognize Manchukuo.

Japan insists that the Manchukuo forces under General Li Chi-chun shall remain on the Peking-Mukden railway to guard it. This in effect will give the Japanese the position on the Peking-Mukden line which they formerly occupied in Manchuria by virtue of the South Manchuria railway. When Manchuria was still under Chinese control the Japanese owned the S.M.R. which ran as a arrow straight into the heart of Manchuria. She intends to occupy the same position in North China, using, the Peking-Mukden railway. This is freely stated here by well-informed Japanese and present events go to prove its truth.

It is interesting to scan Japanese methods of using these renegade troops. They were pushed inside the Wall by the Japanese military authorities and given supplies. They then attacked Chinese detachments and when the attack was returned ran back towards the Wall, the Chinese is close pursuit. As Li Chi-chun's men returned, with Chinese troops on their heels, the cunning Japanese militarist boldly said, What's this, Chinese troops coming to attack the Japanese? Then down swept the Japanese troops from the Wall into North China while the Japanese military publicity department issued long statements concerning the necessity for stopping continued Chinese attacks on the Japanese positions along the Great Wall.

Li Chi-chun's army was the Japanese spearhead in North China then and the Japanese have every intention that it shall continue to be so now. The stationing of the army of Li along the Peking-Mukden railway from Chinwangtao to Tangku gives the Japanese complete control of the line from Mukden to Tangku.

Now of course the Japanese are saying that Li has nothing to do with them, and that his men are Chinese "anti-Chiang Kai-shek troops." But as one vernacular paper here has well put it the matter comes down to this, either these troops are Chinese, in which case Japan should drive them out in accordance with her oft-expressed intention of clearing Chinese troops from Luantung, or else they belong to Japan, in which event they should be withdrawn to the Wall in accordance with Japan's pledged word.

If neither step is taken then Japan has gone behind the Tangku treaty and her signature to that document is completely dishonest.

That neither step will be taken by Japan is clearly indicated that she is insisting on Li Chi-chun's men staying where they are and has even gone to the length of offering the Chinese authorities in North China sufficient funds to "reorganise" these troops into the police force which, according to the Tangku treaty, is to control the Luantung area when the Japanese withdraw.

That these funds have been offered I have upon exceedingly good authority.

Japan Presses for Manchukuo Recognition---Feng Situation Becomes More Critical

THERE are two outstanding elements in the present situation in north China, one being strong Japanese pressure upon the northern military commanders for a recognition of Manchukuo and the other being the increasingly critical situation with respect to Marshal Feng Yu-hsiang's position in Chahar province. The two questions are closely connected as was indicated in a Peiping dispatch on July 2 stating the Japanese had refused to withdraw a brigade of troops stationed at Miyun to the north of Peiping, the Japanese taking the position that Feng's activities constituted a danger to Jehol. With regard to Japanese pressure upon the northern military commanders to recognize Manchukuo a *Reuter* dispatch from Dairen on July 4 stated the Chinese military delegates sent to Dairen for a conference with the Japanese military authorities "were unwilling to recognize Manchukuo," in consequence of which the conference was deadlocked. A telegram from *The Review's* correspondent at Tientsin, also on July 4, stated that the Japanese military authorities at Dairen were demanding the right to station troops along the railway from Shanhaikwan to Lutai, near Tientsin, and that the administration of the railway be turned over to the Japanese government-owned and operated South Manchuria line. In the meantime the Chinese commanders at Peiping have referred the question directly to Gen. Chiang Kai-shek.

A significant development in the situation was a report from London indicating the British authorities are becoming interested in the developments in the area between Tientsin and Shanhaikwan owing to interruption of traffic on the railway connecting the two cities, this section of railway being an important British interest for two reasons: it contains extensive British investments and provides the only outlet whereby the British Kailan Mining Administration can transport its products to the seacoast.

While one report from Dairen stated the problem involved in the evacuation of the so-called Manchukuo irregular troops from the neutral zone north of Peiping and Tientsin had again become deadlocked, other reports from authoritative sources indicate that the Chinese military leaders in the north have practically capitulated to the Japanese and agreed to incorporate the Manchukuo "rebel" troops into the Chinese police force which will be used to maintain peace and order in the zone. A Peiping dispatch published in the *China Times* on July 3 stated the Chinese authorities had agreed to reorganize the irregulars into a special police force for garrison purposes in the demilitarized zone, providing they would withdraw from the districts along the railway line. The head of the irregulars, Gen. Li Chi-chun, assisted the Japanese military forces in the original drive toward Peiping and Tientsin and since that time has remained in the neutral zone receving Japanese support. General Li Chi-chun has been participating in the Sino-Japanese military conference at Dairen which has been considering the question of China's recognition of Manchukuo. In addition to these developments, the Japanese have definitely informed the Chinese authorities of Japan's intention to maintain several garrisons south of the Great Wall, particularly at Miyun and Kupeikow, the reason given being Japan's alleged anxiety regarding the activities of Marshal Feng Yu-hsiang at Kalgan and in Chahar.

The outstanding elements in the Chahar situation appear to be Feng's continued defiance of the Nanking Government, his insistence upon a continuance of the anti-Japanese movement, and the apparent preparations of the Nanking military authorities in the north to take action against him. Delegates sent to Kalgan to induce Feng to relinquish his post were met by an indignant refusal, a report from *The Review's* correspondent stating that anti-Japanese sentiment was increasing in Kalgan while Feng's chief lieutenant, Gen. Fang Chen-wu had indignantly rejected Nanking's truce terms. In the meantime Feng is continuing to recruit troops and and according to dispatches appearing in the Shanghai newspapers, Feng claims to have won several victories over the Manchukuo troops in northern Chahar. A dispatch in the *China Times* on July 4 stated Feng had captured Paochang in northern Chahar and that most of the Manchukuo troops in that area had retreated to Dolonor which is occupied by a joint Japanese-Manchukuo force. Feng claimed he was advancing on Dolonor and hoped to capture that city shortly. A report from *The Review's* correspondent at Tientsin stated that correspondents returning from Kalgan had reported that Feng now has an income of approximately 1,000,000 monthly from "various sources" and that his army now numbered some 70,000. A further report in the *China Times* (July 3) claimed that the Peiping military authorities had decided to take definite action against Feng and

that the 83rd and 87th divisions had received orders to move toward Kalgan. The report also stated that Gen. Ho Ying-chin, commander of the Nanking troops in the the Peiping area had sent an armored train northward along the Peiping-Suiyuan railway toward Kalgan.

A report through *Reuters* service from Peiping on July 3 stated that Nanking's final proposal to Feng included, (1) Feng's abolition of his present military title and position so as to enable Gen. Sung Chieh-yuan to return to Chahar, and (2) that Feng should come to Peiping and discuss the whole question of further resistence against the Japanese. Feng was reported to have rejected both, claiming that he was now preparing an expedition for the recovery of Dolonor from the Japanese, hence there was no particular point in coming to Peiping to discuss the Japanese issue. Feng's position in Chahar has recently been considerably strengthened by the action of one of the Manchukuo commanders, Gen. Liu Kuei-tang, in rebelling against the Japanese and joining Feng's banner. As a result of this development, Marshal Feng and his subordinate military commanders have issued another circular telegram denouncing the Tangku truce agreement and reaffirming their determination to "recapture the lost territories." The adherence of the former Manchukuo commander, Gen. Liu Kuei-tang, to Feng's banner probably explains Feng's claim regarding the capture of several northern Chahar towns which previously had been under the jurisdiction of the Japanese and Manchukuo.

The *Ta Kung Pao*, leading Chinese newspaper in Tientsin, in commenting on the foregoing developments, declared, "So far as Marshal Feng's movement is confined to resistence against the Japanese, he will have the support and sympathy of every patriotic man in the land. But it is absolutely inconceivable that Marshal Feng can fare better against the Japanese with his small army than was the case when the Japanese swept 100,000 of the Government's best troops away from the Jehol border and forced them back on Peiping. Although Feng's methods may be objectionable, one cannot but admire his courage at this critical moment. But certainly no one seriously believes Feng can successfully hold Chahar against the Japanese if they choose to invade the province. We hope that Feng will not exploit his anti-Japanese stand for political purposes, but on the other hand we are sincerely opposed to the dispatch of Peiping troops into Chahar in order to force a settlement between Feng and Nanking."

But Feng undoubtedly is exploiting the Japanese situation for political purposes and therein lies the danger for Nanking for there is little questioning the fact that the people generally are dissatisfied with the Tangku armistice agreement, particularly now that it is generally realized that China was double-crossed by the Japanese on the important matter of the policing of the neutral area extending from the Great Wall to the environs of Peiping and Tientsin. According to a report from *The Review's* correspondent at Tientsin, Feng is trying to create a situation whereby he can put the National Government in the position of cooperating with the Japanese in driving him from Kalgan and Chahar province. In Feng's opinion this situation would so inflame public opinion throughout the country that poltical elements in Canton might be encouraged to launch their long-discussed move against Gen. Chiang Kai-shek. That Nanking realizes this situation has been indicated in its efforts to conciliate Feng without resorting to strong measures, the latest move in this direction being an appeal to Gen. Yen Hsi-shan head of the Shansi government to mediate the issue.

Ezra Arrests in San Francisco Reveal World-wide Narcotic Operations

THE ramifications of the opium smuggling activities of the Ezra brothers and their associates—whose operations and antecedents were commented on at length in an editorial in *The Review* last week—seem to be even wider than at first suspected. The San Francisco newspapers give details of how the customs officials swooped down of the Nippon Yusen Kaisha liner *Asama Maru*, as soon as she docked in the night of June 2, and seized a consignment of eight hundred ounces of narcotics (valued at about U.S. $300,000) concealed in the false bottoms of drums containing wood oil. The San Francisco customs authorities declared that the shipment was the last of six recently dispatched from Shanghai to an international narcotic organization headed by Judah and Isaac Ezra and Leong Chung. The shipment was addressed to "Donald Grey and Company," the name being one of the fictitious ones under which the Ezras operated. The seizure on the *Asama Maru* came as a climax to a long investigation of steamer invoices and manifests which began when U. S. government investigators, following the arrest of the Ezras, raided a Kansas Street, San Francisco, warehouse on May 19 and found false bottomed oil drums from which the narcotics had already been removed. During the raid on the Kansas Street warehouse the Federal agents discovered a job printing office where "J. Edwards and J. Hamlin," identified as the Ezra brothers, arranged to have a quantity of labels printed bearing the inscription—"Three Star Morphine" and "Three Star Opium," with a notation "Made in France." According to A. A. Elliott, acting head of the narcotics squad in San Francisco, the Ezra brothers had worked out an intricate system of doing a wide business. In order to become established the Ezras began selling to middlemen on credit at cut prices. Having become known in the San Francisco and Los Angeles section, investigations made by the American authorities indicated that the Ezras had laid plans to invade the New York market. The hearing of the case of the Ezras in San Francisco was adjourned June 30 pending the arrival from China of documents and other evidence.

The uncovering of the Ezra case has stimulated anti-narcotic work throughout the world. One Tatsujiro Kawahara was arrested June 23 by the Nagasaki Police. He is described as the Japanese representative of an international narcotic smuggling organization which, maintaining headquarters at Los Angeles, has distributed millions of dollars worth of contraband drugs. Japanese, Chinese, Germans, Americans and members of

other nationalities are said to be included in the gigantic ring, and Kawahara, who was formerly a bootlegger in the United States, is accused of smuggling Yen 1,000,000 worth of morphine to the United States from Yokohama on one steamer June 6. He eluded the authorities until he was arrested as he approached the pier. He was identified as the chief of the Japanese section of the ring, and it was stated that he returned to Japan from the United States once yearly to direct operations. The Nagasaki police discovered that shipments were made methodically from Nagasaki, Kobe, Osaka, Yokohama and Tokyo, and that a tremendous quantity of morphine, costing Yen 400 a pound in Japan and bringing about U. S. $375 a pound in the United States, made up each shipment. The ship stewards leagued with Kawahara were in the habit of smuggling the morphine by hiding the drug under potted trees or carrying it on their persons.

Further details of the ramifications of the international narcotic traffic were given by the Osaka *Mainichi* June 24, which said that by the time the N.Y.K. liner *Chichibu Maru* docked at Honolulu en route to California on June 23 her master will have seized four pounds of morphine camouflaged as a can of biscuits, known to be in the care of one of the junior seamen aboard the liner. The Captain had received radio instructions concerning the matter.

Osaka customs authorities arrested one Chiyomatsu Fujii, who was said to have lately received a Yen 2,200 remittance as profit from sales of narcotics in California by Akira Maekawa, his agent at Los Angeles, of whom the American customs authorities made a cable inquiry on June 10. It was discovered that Fujii, upon receipt of an order from Maekawa, shipped four pounds of morphine valued at Yen 1,600 by the *Chichibu Maru*, which sailed from Yokohama June 15. This band is said to maintain seven Japanese traffickers in America and three in Japan. By taking junior seamen of Japanese liners on the California run into their confidence, they have conducted illicit operations on a large scale. Investigations made by the police in Japan showed that Fujii and the man Kawahara, arrested at Nagasaki, were confederates. Juro Kondo, chief officer of the *Soya Maru* was arrested in Osaka June 22. It is alleged that not only is he implicated in the revelations made by Fujii but that he was concerned in several big smuggling cases last winter. The chief steward of the *Venice-Maru*, arrested last year, is said to have been his partner. Sixty cans of morphine were landed recently at Seattle by these two men.

Other Narcotic Incidents

The police at Harbin have learned that a man named Schiffman, who heads a notorious gang of international narcotic smugglers with headquarters at Istanbul, Turkey, was in Harbin beginning of June staying at the Hotel Moderne. Suspecting that he also has a gang operating in Harbin the police are tracing his movements subsequent to his mysterious arrival from Southern China. He was compelled to flee from Shanghai latter part of May, as the police were on his track. The authorities at Harbin have no definite evidence that he has left that city. Schiffman's gang comprises about 1,000 men and women. According to the police Schiffman conducted a butcher-shop in Harbin several years ago to camouflage his smuggling activities.

A total of 58 Chinese women and men, including 11 Koreans, were arrested in a raid carried out by Chinese and Japanese gendarmes at the Hwa Tung Hotel, Chungwenmen Street, Peiping, in the morning of June 29. The hotel, which is believed to be Japanese-owned, used for the selling and manufacturing of contraband drugs, was sealed immediately after the raid. Four of the arrested Koreans, were handed over to the Japanese authorities.

A large quantity of contraband drugs and opium-smoking paraphernalia was publicly destroyed by burning at Nanking June 28. These articles were confiscated by the Nanking Customs during the period from March 20 to June 12, 1933 and consisted of 3,927.5 ounces of raw opium pills. 3.5 ounces of raw opium powder, 378.4 ounces of red pellets, 187 ounces of pills for "curing" drug addicts, 72 opinm lamps, and 117 opium lamp-shades.

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As Geneva Sees the Narcotic Situation

The convention for limiting the manufacture and regulating the distribution of narcotic drugs will come into force on July 29, 1933—same having been ratified, or acceded to, by 36 countries, including six of the big manufacturing countries. The Anti-Opium Information Bureau at Geneva in a communique issued May 15 reviewed the situation on the eve of the sixteenth session of the Opium Advisory Committee. However, the fact that the Opium Convention comes into force by no means proves that the various countries which have appended their signatures will all give their full support to actual suppression. Thus when the sixteenth session of the Opium Advisory Committee opened on May 15 the British delegate spoke to the point of applying the Conventions strictly according to their letter, and not their spirit. The letter, but not the spirit, of Conventions, permits the sale of smoking opium. As one commentator said of the meetings of the Committee: "There is something unreal in the Committee's debates; real fundamentals of the problem are carefully avoided, the unimportant discussed to death."

The Committee declined to place these points on its agenda,

1.—What are the estimated annual profits resulting from the illicit traffic in narcotics?
2.—What is the estimated cost to governments of drug addiction?
3.—What is the estimated value to governments of the legitimate trade in narcotics?
4.—What are the outstanding questions upon which governments should immediately concentrate to best further the League campaign?
5.—Should not governments contribute to the League part of the sum they annually act aside for the purpose of enforcing the application of the Opium Conventions to which they are parties, so as to permit the League to intensify its campaign against narcotic drugs and more rapidly solve the international problems raised by the illicit traffic?
6.—What would be a fair contribution to the League's international campaign against drugs by such governments as those of Egypt, France Germany, Japan, Switzerland, Turkey, Netherlands, United Kingdom, United States of America?

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The Anti-Opium Information Bureau of Geneva in a recent Communique pointed out that the Far Eastern situation becomes more and more complicated. Compelled to devote all its attention to the military invasion of which China is the victim, the Chinese Government could not cope with the narcotics problem as efficiently as the situation demanded. The puppet state of Manchukuo, which has already set up an Opium Monopoly, and which is not bound by any international Opium Convention, threatens to become a vast center of opium production and manufacture of opium derivatives, destined for the illicit traffic. The Foreign Concessions and Settlements remain the paradise of the clandestine manufacturer and trafficker, and corruption and intimidation apparently prevent the respective governments from cleaning up these territories. It remains to be seen whether any official report, emanating from the governments concerned, will deal frankly with the causes which impede the suppression of the clandestine traffic in their Concessions and Settlements; at present, such failure is claimed to be due to the fact that the evil to be suppressed is stronger than the force—moral and material—of those called upon to suppress it. Unscrupulous foreigners are reported to have set up, in China proper, factories for the clandestine manufacture of morphine and heroin. Morphine, reported to have been manufactured in China, has been confiscated in Shanghai.

The task which faces the Chinese Government in China proper is complicated by the existence, in the Foreign Concessions and Settlements, of illicit traffic and illicit manufacture so powerfully organized that, for years, it has defied every attempt made by the authorities to clean up these Concessions and Settlements. There are disquieting reports from well-informed sources that the authorities have, virtually, capitulated before the powerful and well-organized gangs of traffickers, just as Chicago had, at one time, capitulated to its gangsters. It remains to be seen whether reports from the governments concerned will show the steps taken in the Foreign Concessions and Settlements to combat the traffic in opium and narcotics, and contain useful suggestions for future collaboration between these governments and the Chinese Government.

Anti-Taxation Movement in Szechuen Spreads

Reports from Szechuen state that an anti-taxation movement has started there and is growing rapidly. Although General Liu Wen-huei has sent his troops to suppress the movement, thus far he has achieved no success. The *China Times* says the present anti-taxation movement is stated to be the direct result of the heavy taxation imposed on the people by the local military authorities.

Recently Communist elements have joined in the movement and are directing it against the local authorities. The anti-Taxation Army has adopted the slogans used by the Communists. The Army recently executed the magistrate at Chiakianghsien, in Western Szechuen. The situation is progressively assuming a grave aspect.

Szechuen Gentry Appeals to Nanking

A recent Chungking message stated that, acting under instructions from General Liu Hsiang, Rehabilitation Commissioner for Szechuen, General Yang Sen, Commander of the 20th Army, has allotted six brigades to assist General Tien Sung-Jao, Commander of the 29th Army and concurrently Bandit-suppression Commissioner for the Szechuen-Shensi border, in subjugating the "Reds" under Hsu Hsiang-chien in northern Szechuen. Having failed to dissuade Generals Liu Wen-hui and Teng Hsi-hou, respectively Commanders of the 24th and 28th Armies, from engaging in further hostilities, General Liu Hsiang is leading his men westwards to halt the strife by military force in accordance with instructions from the Central Government. The Szechuen gentries have telegraphed to the Central authorities requesting that a high official be sent to Szechuen to stop the fighting among the contending Szechuen leaders and to order them to unite in suppressing the "Reds" in northern Szechuen.

A circular telegram was despatched June 26 under the joint names of Generals Liu Hsiang, Yang Sen, Tien Sung-jao, Liu Tsun-hao, Li Kwei-hsiang and Lo Tse-chow, declaring their joint effort for bandit suppression and armed intervention against the civil warfare now being fought between the armies under Generals Liu Wen-hui and Teng Hsi-hao.

The "Reds" under the notorious Ho Lung recently suffered heavy reverses at the hands of the Government troops in south-western Hupeh. In attempting to flee to Henchiapu, the 9th "Red" division, personally led by Ho Lung, was routed end of last week by Major-General Chang Kang's peace preservation units and forced to retreat to the Hupeh-Szechuen border.

Japanese Scout Planes to Fly Over Chungking

The Chungking authorities have received a telegram from General Ho Ying-ching June 30 stating that a number of Japanese scouting-planes from the Yangtsze warships will shortly make a demonstration flight over Chungking and Wanhsien. General Ho requested that, if these aeroplanes fly over the cities mentioned, a strong protest be made to the Japanese officer in command of the Japanese Yangtsze Squadron.

The *Sin Wen Pao* (Shanghai) June 30 stated that the Japanese report that the object of Sir Miles Lampson's trip to Chungking was to sign a loan of $15 000,000 with General Liu Hsiang for rehabilitation affairs in Szechuen and, in return, Great Britain was to get certain oil rights in Szechuen, is without foundation. An editoral discussing the visit of Sir Miles Lampson and other diplomats to Szechuen appeared in *The Review* July 1.

Bandits and Troops Loot Kweichow Province

The people of Kweichow province are now being called upon to pay their land-taxes for 1936, (three years in advance) according to a recent telegram from Kweiyang. As a result of this action, the price of rice has gone up from $10 to $60 per picul. In western Kweichow, the price of rice has risen to $100 per picul. In spite of such miserable conditions, the troops in the province are making constant levies on the people ranging from grass to rice. What is worse, bandits are now making open requisitions in the name of the army. They do not have to rob, all they have to do is to march into a place and order the magistrate of the city to raise so much money and so much foodstuffs in his district. If the demand is ignored, they shoot the magistrate.

General Sheng Shih-tsai Executes Three Conspirators in Sinkiang

A fresh outbreak of trouble occurred during the week in Sinkiang, where the rebel Mohammedans and the local authorities have been in conflict for some time. An urgent telegram from Liu Wen-lung, Acting Chairman of the province, and General Sheng Shih-tsai, commander of the provincial troops, made serious charges against General Huang Mo-sung, the Government of Sinkiang's Pacification Commissioner, who recently arrived by air at Tihua, the provincial capital. Following a decisive defeat of the Mohammedan rebels, General Huang Mo-sung, planned a coup d'etat to overthrow the present Sinkiang Government with the assistance of the secretary-general of the provincial government, the chief of staff of the provincial army and a pilot of the Eurasia Aviation Corporation. The message stated that these three men had already been arrested and executed.

With reference to the renewed troubles in Sinkiang and the execution of alleged plotters there, including a pilot of the Eurasia Aviation Company, the German Legation at Peiping July 4 stated that the man executed was not a German.

Documents incriminating General Huang Mo-sung are alleged to have been seized.

Liu Wen-lung and General Sheng Shih-tsai have wired requesting the Central Government to send representatives immediately to Sinkiang to investigate the situation.

Reporting on the Sinkiang trouble at a press reception in Nanking, July 3, Kung Pi-che Special Party Commissioner for Sinkiang, pointed out that during the tenure of office of General Chin Shu-jen as Chairman of the Sinkiang Provincial Government, the people suffered under his tyrannical rule. This accounted for the fact that the provincial units failed to suppress the Mohammedan uprising. That the revolt was local and was against General Chin personally and not against the Central Government was clearly proved he said, by the whole-hearted support which the people of Sinkiang gave the Central Government during the Northern Punitive Expendition.

Reviewing the latest developments in the Sinkiang situation, Wang Ching-wei, President of the Executive Yuan, in an address at the weekly memorial service at National Government House in Nanking July 3 declared that while military disturbances in the province had already been liquidated, political, financial and diplomatic affairs still called for thorough readjustment.

Tibet Signs Agreement with Neighbors

A peace and non-aggression agreement between the Kokonor (Chinghai) and Tibetan authorities was formally concluded June 15 in accordance with instructions from Nanking. The Kokonor authorities thereupon telegraphed to the Executive Yuan and the Mongolian and Tibetan Affairs Committee, reporting on the negotiations and the subsequent signing of the agreement. The Mongolian and Tibetan Affairs Committee will urge General Liu Wen-hui, Defence Commissioner for the Szechuen-Sikang border, to conduct negotiations with the Dalai Lama, the temporal ruler of Tibet, for the conclusion of a Sikang-Tibetan non-aggression pact. In the meantime, the Chinsha Kang (River) has been set as the boundary line for the Sikang and Tibetan troops, according to Shih Ching-yang, Chairman of the Mongolian and Tibetan Affairs Committee. He denied the report that there has been a renewal of military hostilities between the two armies.

According to the peace agreement recently signed between Chinghai and Tibet both sides return territory captured in each other's area and guarantee that they will not attack each other in future. The two monasteries of Chinkoshih and Tangshihshi have been marked out as a demilitarized zone in which neither side shall station troops.

In spite of the signing of an agreement between the Sikang and Tibetan authorities guaranteeing temporary peace between the two parties the relations between them continue tense, according to a recent telegram from Kangting. The Tibetan troops are now holding the left bank of the Kinsha River and are not permitting any Chinese merchants or even Chinese monks to cross the river. Trade relations between Tibet and Szechuen have come to a complete standstill.

Anti-communist forces from Kwangtung, Kwangsi and Fukien were scheduled to launch a combined drive during the week against the Reds from Chumwu, a town

in south Kiangsi. General Tsai Ting-kai has sent two divisions to capture Changtung, on the borders of Fukien and Kiangsi provinces. A joint drive on Huichang will start next week.

Under instructions from General Chen Chi-tang, the Cantonese troops advanced during the week towards Huichang, the Communist stronghold in Southern Kiangsi. Generals Chiang Kai-shek and Chen Chi-tang are now exchanging repeated telegrms on the organization of a political commission to attend to the rehabilitation of affairs in the districts recaptured from the Communists.

Kiangsi Communists Make Attack on Kwangtung

A recent Canton message indicated that the Communists in Kiangsi had definitely decided to make an attack on Kwangtung by way of Wuping and Chinwu, in Southern Kiangsi. A group of Communists June 21 made a sudden attack from the north on the Cantonese troops at Maotsun, but were repulsed by the Cantonese forces there.

According to reports received from military circles, the Communists in Kiangsi have recently received a large supply of arms and ammunition from Soviet Russia as well as a huge sum of cash from the Third International.

Six hundred war refugees from Kiangsi arrived in Shanghai from Canton June 27. They have approached the Municipal Government of Greater Shanghai to give them facilities to return to their native town in Kiangsi.

After 10 days of bitter fighting, the 1st "Red" Army Corps under Chu Te were routed by the Government forces in the vicinity of Fuchow, eastern Kiangsi, latter part of last week. Fengkang was recaptured; the remnant outlaws retreated south of Huangpei, central Kiangsi.

The Provincial Governments of Honan, Hupeh and Anhuei recently received an order from General Chiang Kai-shek to tighten the salt and rice embargo against the Red districts in their respective provinces.

Communists Active in Fukien Province

The Communists in Western Fukien have resumed their activities. On June 29 the Communists captured Nan-an, in South-western Fukien in a surpise attack and slaughtered a number of local officials. Another detachment of Communists attacked Kowei, a point not far from Changchow, July 2.

According to a recent report from Hanchung, in southern Shensi, the main-body of the Communists were concentrating at Tungkiang, on the Szechuen-Shensi border with Hsu Hsiang-chien, the Communist leader, at Kuchaopa directing operations in person. The Communists are commandeering food supplies from the local population.

A telegram from General Tien Sung-jao, Bandit-suppression Commissioner for the Szechuan-Shensi border regions, reported that the 29th Army under him captured Kwangyuan, northern Szechuan, June 20, inflicting heavy casualties on the "Reds" under Hsu Hsiang-chien. The remnant outlaws have retreated to Nankiang, also in northern Szechuen. After making the necessary preparations, General Tien states, he will cooperate with the other Szechuen troops in attacking the "Red" strongholds at Nankiang and Pachung.

Agreement Regarding "Irregulars" Stated to Have Been Reached

An agreement with regard to the much vexed question of irregular Manchukuo troops along the Peiping-Mukden Railway has been reached, according to Chinese circles. They state that the Japanese have agreed that the irregulars shall withdraw some distance from the railway, while unarmed Chinese guards will travel on all trains and when they pass through the areas still under the control of Japanese troops, Japanese gendarmes will provide guards.

Both the Chinese and foreign communities are greatly interested in these developments. Foreigners want their summer holidays, while the Legations and their guards desire to make their usual summer transfer to Peitaiho. The Chinese are anxious to see rehabilitation of the recent war area. Two trains proceeded from Peiping July 3 along the Peiping-Mukden Railway as far as Tangshan, and repaired the road and other communications.

Manchukuo Irregulars Continue Active

In spite of the efforts made by the Peiping authorities, the Manchukuo irregulars in the districts east of Luanchow continue to be active and are not prepared even to evacuate Lutai. Manchukuo irregulars are also found in the city of Ningho. General Shih Yu-shan, who played an important role in the recent plain-clothes movement in Tientsin, is still active at Chinwangtao. He has recruited 1,500 men, which he has organized as his body-guards. These troops are all armed and are stationed at the Chinwangtao railway station.

There are about 400 Japanese troops on duty at Peiping at present.

General Huang Fu, Chairman of the Peiping Political Affairs Readjustment Committee, received a telegram last week from the Executive Yuan stating that a sum of $1,000,000 will be remitted there for the urgent relief of the refugees of the "war-zone" in northern Hopei.

The Peiping *Morning Post* comments:—"There is still no prospect of an early settlement of the question of the Manchukuo irregulars, although nearly a month has passed since the signing of the Sino-Japanese armistice agreement. What is worse, Chinese renegades such as Hoh Peng and Pai Chien-wu have joined hands with Li Chi-chun and raised the standard of independence at Tangshan. These men are little better than bandits and should be treated as such. In ordinary times it would not be difficult to dispose of them, but owing to the peculiar situation at Luantung the case is different to-day . . . In view of Japan's past record it is perhaps too much to expect that the Japanese will not make the Tangku Armistice Agreement another scrap of paper. While we cannot guarantee Japan's fulfilment of the Tangku agreement, we maintain that if Japan returns an ambiguous reply to our question, she thereby exposes her own weak position. On the other hand we can advance one step further by carrying out a punitive expedition against these irregulars, as every state has the right to proceed against bandits in its own territory. An agreement must be observed by both sides. There is no reason why China should continue to abide by the terms of the armistice agreement, when Japan has no desire to honor its obligations under the pact."

Students In Suiyuan Capital Attack Yamen

Precautionary measures have been tightened in Kueihua following an attack by more than 200 students of the First Suiyuan Provincial Middle School on the yamen of the commissioner of education, according to Chinese telegraphic advices from the capital city of Suiyuan. The Provincial Government held an emergency meeting immediately after the incident to consider the situation and decided to order the school to antedate the summer vacation at once. The students have been ordered to leave school at once but they are refusing to leave. To prevent further trouble, the Kueihua defence authorities have posted guards at the entrance of the school and increased street patrols.

General Liu Kwei-tang Flops Over to Feng

General Liu Kwei-tang, who surrendered Manchukuo during the Jehol fighting, has again turned against Manchukuo at Kuyuan in Chahar. In a circular telegram General Liu Kwei-tang pledged his support to Marshal Feng Yu-hsiang and announced his decision to "fight against the Japanese to the last man."

Marshal Feng Yu-hsiang June 27 sent his representative, Teng Chen-hsi, with a personal letter to Peiping to confer with the authorities regarding the Chahar situation.

General Ma Chan-san Arrives in Shanghai

General Ma Chan-shan arrived in Shanghai from Nanking June 30. He paid a visit to the Woosung and Chapei war-zones, accompanied by a number of his followers June 2. Various public organizations here will give General Ma Chan-shan, General Su Ping-wen and General Li Tu a public reception July 12.

General Ma had been offered the post of chairman of Sinkiang province but he declined it. He said he had already sent officers northward to reorganize his troops in Sinkiang and Charhar, and that once reorganized, the remnants of his fighting force will be incorporaed into the National Army.

General Li Tu, Commander of the Kirin People's Self-Defence Army, who retreated into Soviet territory shortly after General Ma Chan-shan and General Su Ping-wen, is expected to arrive here from Italy beginning of next week.

Nipponese, Standing Convicted, Defy Any Moves at Penalties

BY HAROLD S. QUIGLEY
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JAPAN BROKE the peace of Asia on September 18, 1931, by sending an army into Manchuria. To date the area of hostilities has been increasing, though war has neither been declared nor recognized. As a result of the fighting, China's actual area of jurisdiction has been decreased by some 450,000 square miles, her people have been killed by the tens of thousands and her wealth has been destroyed in terms of hundreds of millions. Japan's resources have been reduced by heavy military and naval expenditures, her national debt has grown by a billion yen, a second billion must be borrowed this year, involving an increase of one-third in her debt, and her international financial rating has dropped sharply.

Foreign nations have shown strong disapproval of Japan's program. The United States has declined to recognize its results and has flatly called Japan's policy one of aggression. Although no other individual state except China has taken this stand, 43 states, including all great powers in the League of Nations except Japan, have expressed approval of it through their votes in the League assembly. Japan thus stands convicted, at the bar of world opinion, of having broken treaties without justification. Her answer has been to announce her decision to leave the League. She is continuing her aggressive march into Chinese territory.

In the presence of these facts, will it be possible to preserve international peace? What is to be the price of peace? Will peace today be bought at the cost of war tomorrow? Will international security be preserved by giving Japan free sway to conquer China? Where is the line, if any, beyond which this country and others, will refuse to allow Japan to go?

It is somewhat strange to turn from the world's indictment of Japan to the every-day comment upon what it means or may lead to. When a municipal court finds a man guilty of breaking the law it is expected by the community in which the court operates that a legal penalty will follow. People do not say: "I wonder whether the man will be sentenced," or "in time he will realize his error." They would pour contempt upon a court that would stop, in a criminal case, with a declaration that the law had been broken. In international practice, the contrary is the case. We are all amazed that a judgment has even been rendered upon the rights of the parties. And we all with one accord protest against even the mildest form of action to compel the convicted state to disgorge its gains and to discontinue its marauding course.

The Necessity for International Thinking

Why this difference? Because we do not yet think in international terms. We think in national terms. If you and I thought of executions of judicial judgments in terms of an individual responsibility to carry them out we would be extremely hesitant about tackling the job. But we don't. We realize that we have agencies to act for us, community agencies—police, prisons, an army and navy if necessary—agencies so superior in strength to the convicted person that there is no cause for fear on our part when we call upon them to be faithful in executing the law.

In international issues, you and I think only of what the effects upon this country will be if it attempts to support international law with a boycott or with military action. We think in terms of national, not international, superiority or inferiority to the state adjudged in the wrong. And we think, too, in terms of war, not in terms of police action. Since we properly think of war in traditional terms, as an unholy business of slaughter, in which self-interest operates on both sides and neither may claim basis of right, we shudder and turn away from any procedure that might by any possibility eventuate in military action. Thus we cripple international law and leave any powerful state free to make of it and of us a laughing-stock.

In so doing, we do not preserve peace. Rather we insure the outbreak of war. We make inevitable, not international action to restrain a law-breaker, but national action to protect national interests. We hold ourselves within the old limits of independent state action, losing the strength of union while hoping against hope that our own national interests will not be so seriously injured as to demand redress. But we fool ourselves, only to recall when it is too late the old maxim: "United we stand, divided we fall."

Another reason for the difference in attitude in municipal and international situations is that in municipal issues we think in abstract terms, in terms of legal action, whereas in international issues we think in very concrete terms of special interests. Perhaps it would be truer to say that in applying municipal law we have matured to the point where it is taken for granted that judgments in the interest of all will, of necessity, operate in our own individual interest. But in international issues we still think in terms of effect upon the silk trade or the tea trade or the machinery trade or the cotton trade. We look only at immediate effects, refusing to project our thinking ahead into the time when, through failure to act with other nations in checking the law-breaker, we may find ourselves, not only deprived of the cherished items of trade, but subjected to heavy tax burdens and losses of manpower in a singlehanded war to preserve our national interests. In suggesting this comparison, I do not overlook the very important element of private interest that enters into the administration of municipal law. I only affirm that in international judgments by individual nations that element is so significant as to overshadow the law itself.

Turning to factors controlling international war in the Far East itself let us ask what those factors are. I would suggest the following as conducing to war:

1—Japan's apparent determination to become overlord of all China, to have the determining word in all politicies, domestic and international affecting China.

2—The domestic situation in Japan, in which a military caste is facing social revolution and is using foreign conquest to excite popular support.

3—The disorganized condition of China, which prevents co-ordination of her forces and invites attack.

4—The force of Chinese nationalism, which seems unlikely to accept Japan's conquest of northeast China, and likely to maintain the struggle against Japan indefinitely.

5—Soviet Russia's anticipation that Japan will attack Siberia, invasion of which Russia will not suffer without fighting.

Japan as the Mentor of Asiatic Peoples

Looking at the Far East, it is difficult to see any force that is conducive to the restoration of peace. As for Japan she has cast off her moorings to the international wharf and is sailing a solitary course. It is now quite clear that she regards herself as the proper mentor of Asiatic peoples, though her intellectual history is not one of origination but of adaptation. She wants the role of overlord, not only to justify thereby her self-respect as the only "great power" in Asia but, as she believes, to salvage the economic remainders still unexploited by other powers and thereby to assure the livelihood of her still expanding population. Her army leaders profess to be on crusade in behalf of a down-trodden peasantry. Their plea would come with greater force were it not true that the military men of Japan have for two generations been building up their army and navy at the expense of the peasants, that the military program of Japan regarding China has been consistently one of piecemeal detachments of portions of the Chinese empire, and that only when other leaders from the ranks of the workers and intellectuals have risen to champion peasant welfare have the military men offered to take up cudgels for them.

As for China, she is badly disorganized by the effects of her efforts to set up a republic, to begin to industrialize, and to replace her old family system with one based upon individual responsibility. She is succeeding in all three of these endeavors but the scale of the reform movement is so large that the progress of any one unit is hard to

perceive. Her youth are growing up to take a share in political and business life but they work against an inertia of old-fashioned localism and selfish militarism that is playing into the hands of closely unified Japan. At the same time the deeply felt nationalism of the Chinese people, often expressed throughout their long history, is being voiced by the younger generation, which is eager to complete the program, already in part successful, of restoring China to an equal place among the nations. Disorder and weakness, coupled with defiant and inexperienced leadership, would make of China an easy prey were it not that the extent of her territory and the numbers and selfreliance of her people give imperial proportions to the task of conquest.

Russia, it appears, may not be counted upon to enlist with China against Japan unless Russian territory is invaded or Russian rights in the Chinese Eastern railway are infringed. Thus, unless foreign aid is forthcoming, the only bar to Japan's indefinite progress in the partition and colonization of China is the magnitude of the undertaking. Will the world that has adjudged Japan a law-breaker stand by and watch the process of Chinese dissolution?

No one, surely, is being deceived into thinking of the new Manchurian state called "Manchukuo" as a product of local feeling, or as a self-governing unit. No popular revolution brought it into being and its Chinese officials are mere stool pigeons for the Japanese army, whose appointees control them down to the smallest detail. The same regional sentiment that exists in various historic regions of China prevails in Manchuria. This sentiment makes unification difficult but it is Chinese sentiment, not independence sentiment nor Japanese sentiment. Factional leaders have gone over to the Japanese and taken their ill-starred troops with them, much as feudal knights might change allegiance. But such men are, like their counter-parts in the civil strife in China proper, mere parasites upon the body of the Chinese populace.

It is being argued in very high quarters that if Japan is left isolated, if no country breaks the solid front of disapproval now supposedly in being against her, in two or three years she will have repented her rashness and be ready to withdraw from her Manchurian adventure. This view is founded upon the notion that the Chinese will keep up the struggle, making it too costly to bear, and that the world's disapprobation will work such havoc with the sensitive Japanese that they will persuade their militarists to give way in order to get the country back into the good graces of other peoples. This may be a true reading of the omens but what about the alternative?

Large-Scale Intervention Impracticable

The alternative is that Japan will not stop with the creation of a puppet state but will, either out of military zeal or in retaliation at the continued opposition of China, particularly if the boycott against Japanese trade grows more effective and threatens to destroy Japan's most profitable market, attack other areas of China. She might attack Nanking or Hankow or Canton or Tsingtao or Tientsin or Shanghai, or many other ports, injuring foreign interests, disrupting commerce and industry, and placing all foreigners in danger. This development seems not only possible but probable, with consequences beyond our ken.

The argument of those who wish simply to "watch and pray" is that if we do anything more vigorous, such as placing a boycott on arms or other articles, Japan will feel sure of ultimate defeat and will, in desperation, declare war, seeking to do as much damage as possible before going down. She might, they say, bombard Manila or Hongkong or even Australian ports. This desperate action seems unlikely if the powers act together and notify Japan that if a boycott isn't enough to stop her, they will continue to act together in more vigorous fashion. But even if we assume that she does run amok in the Western Pacific, we must recognize that there is even more danger that she will do so in China if we do not impose a boycott and that the destruction of Chinese cities would be enormously injurious to foreign interests both immediately and later. Also that if she runs amok in China, we shall probably have to contemplate a boycott against her anyway.

Short of an international boycott, which at present appears to be outside of practical politics, there is no procedure available that would have immediate effect. One may, however, point to certain long-time measures that might help to keep the peace. One of these is to attempt to bring about international co-operation for the stabilization of conditions in China. This idea, which we find in the Lytton report, depends for its application upon the co-operation of the Chinese government, which would not be forthcoming if the proposed assistance involved further restrictions upon Chinese sovereignty. To the Lytton commission, the idea also depended upon its being accepteable to Japan. Obviously, if applied now, it must be without the aid of Japan.

There are plenty of important persons who would advocate international intervention to put an end to civil war in China and to set up a central government with power over the whole country. Fortunately such views are today out of favor. The general consensus of opinion, outside of Japan, is that the Chinese should be left alone to work out their own destiny. If they ask for advice, it is tendered. But the days of using armed force to compel the Chinese to accept such advice have practically disappeared. As for large scale intervention, which might well make of China another India, that is now acknowledged to be impracticable.

The greatest service the powers can do the Chinese is to grant them equality of international status and to make new equalitarian treaties with them. The effect of such treatment, seen in the case of Soviet Russia, would be to enlarge Chinese self-confidence and diminish Japanese arrogance. It would show Japan our confidence in China and our rejection of her contention that China is not a state. Any concessions that China is disposed to make would then become matters of favor, not trophies of force. And if it were found possible, upon economic rather than political bases, to make loans for roads, railways, canals, currency reform, education, ship building and so on, there would be brought about a gradual improvement of political and social organization, a gardual replacement of the mediaeval militarism—which is after all, only a mushroom growth of the republican era—by a new order combining the substantial principles of an old and rugged civilization with the devices and methods by which those principles may be made operative in a scientific world.

The American Immigration Law

Perhaps it is too late to help China by seeking the confidence of the Japanese. But that too should be tried. We Americans know how unhappy a thing the color line is within our own borders. That line is being drawn against the Japanese and other Oriental peoples and it will be a fortunate thing if the line can be wiped out, at least in legislative terms, before it induces a conflict. The distance from our immigration law to Japan's intervention in China was but a step. Japan should be further reassured on economic issues, not at China's expense but with China's acquiescence in measures of common benefit. At this point the Chinese must compromise if they can be assured that their birthright will not be sacrificed thereby. Given the solution of these two problems, the third problem—naval rivalry—would lose much of its difficulty.

A third helpful long-time policy is that of close cooperation between the United States and European states in regard to the Far East. There have been embarrassing episodes in our relations with the League in this connection but on the whole the results have been good beyond expectation. Only by maintaining this collaboration can we keep Japan isolated and, in case of need, can we assure that any measures of compulsion shall be police action rather than private war. This co-operation should include Soviet Russia, both because that government is opposed to the partition of China and in order to ameliorate the schism between Chinese factions, some of which are "red" in their sympathies, others still inclined toward democratic models.

In conclusion. I have dealt with the difficulty of checking Japan's program of conquest, with the danger of international war that lies in the immaturity of international society, with the prospects that the area of conflict in China will be widened, with the alternatives facing the League and ourselves, and with certain broad lines of policy that might be promoted as conducive to better conditions in China, a cooler disposition in Japan, a continued and closer co-operation between this country and the League and a working understanding with Soviet Russia. To keep the problem on the international plane, to settle it upon international legal and moral principles, to act internationally if ultimately some type of compulsion becomes unavoidable—these are the solid foundation stones of a true society of nations.

China, America, and the Economic Conference

BY HARRY PAXTON HOWARD

China and the United States, however keen may be their interest in the World Economic Conference at London, are less vitally involved than are some European countries largely dependent upon their foreign trade. China, indeed, is only being touched on the fringes by modern capitalism and industrialism, and probably 95 per cent of Chinese products are consumed at home. The United States, on the other hand, is highly industrialized, but to such an extent is it self-sufficient that some ninety per cent of its production is for home use. These countries form a striking contrast to such industrial countries as Britain, as well as Germany and some lesser nations, which are so greatly dependent upon their exports.

The whole modern world, however, has been drawn by its economic development into the present crisis and affected by it. The countries least affected are China (taking the country as a whole) and Soviet Russia, which has a national economy on a different basis. But even these countries feel the breakdown of foreign trade. No modern country is wholly self-sufficient.

Roots of the Crisis

No economic crisis has ever before reached the extent or the intensity of the present one. There have, indeed, been economic crises from time to time, and they appear to be inseparable from the capitalist economic order. But no crisis before has lasted for years, steadily intensifying, with no sign whatever of any real return to economic balance. The glut of goods, greater than the market can possibly absorb under present conditions, continues. Unemployment and destitution, greater than the modern world has ever known, grows and increases, though with temporary fluctuations due to seasonal or political changes from time to time. "Over-production" continues, side by side with the most terrible and widespread want.

In spite of the undeniable worsening of conditions from year to year, there is a desperate but continual attempt to buoy up hope in the old order, especially on the assumption that as the capitalist world has always recovered from its previous crises, it will recover from this one as well. This, however, is a very dangerous assumption to make. It is, in fact, similar to the confidence of a man mortally ill, who insists that he is bound to recover for the simple reason that he has always done so previously. The logic is superficially excellent, but the conclusion is not necessarily correct.

The roots of the crisis lie not in the Great War, in tariffs, in currency and credit question, but are far deeper. The seriousness of the situation in the United States illustrates this clearly. The greatest of American markets is the domestic market. Without inter-state tariff walls, with a single nation-wide currency system, without reparations or indemnities from one state to another, with the great bulk of American produce consumed at home, the situation is at least as serious as that in most of Europe. American farmers cannot obtain goods from American factories, cannot market their produce or pay their debts. The bulk of the city workers, without employment, cannot obtain either factory of farm goods, and great multitudes face starvation while foodstuffs are rotting on the farms or in warhouses.

"Over-Production"

However much influenced by the War and the Balkanization of Europe, therefore, the roots of the crisis are fundamentally economic, lying within the economic system itself, just as with previous crises. As the industrial order developed, with the enormous increase of production which machinery and organization makes possible, the excess output could not be wholly absorbed by expanding markets. The market at home was always limited by the low incomes and purchasing power of the mass of the people. Wages and salaries were never raised in proportion to the output of industry, and the difference between this buying power and the productive power has steadily increased from decade to decade. The people were always unable to buy back the bulk of the goods which they produced.

The owning and employing classes, indeed, profited, but this propertied element was not sufficient in number to absorb the increased production. There is, after all, a limit to the quantity of food a person can eat, or clothes a person can wear, and the big consumption of luxury goods by the well-to-do did not balance the low purchasing power of the mass of the people. The greatly increased output of goods was largely disposed of in other markets, and the struggle for foreign markets has been an important element in world history for the past century. But even so, production was greater than could be disposed of, and from year to year a surplus accumulated until there was a glut of goods,—a crisis. Factories closed down or limited production, workers were dismissed or put on half time, new markets were exploited, and, as the surplus was used up at home and exported overseas, production gradually resumed once more, to repeat the same process until again the surplus was such that industry faced another crisis, and workers were again turned out on the streets for having produced too much which they were unable to buy back.

This, it must be emphasized, is the legitimate meaning of "over-production" today. The word does not mean that more goods have been produced than there is need for: there was never such terrible and widespread need as at present. It means, simply, that more has been produced than the people are able to buy back. More has been produced than can be sold at a profit to manufacturers, merchants, and financiers.

The Present Crisis

It is precisely the study of previous crises, and the understanding of their cause, development, and final liquidation, which raises grave doubts as to the possible termination of the present crisis in the same way. The roots of the economic slump are essentially the same as in previous crises. But whether it can be disposed of in the same way is another question. The desperate efforts of governments—even the American Government—to dispose of it by definite State action and State organization are an indication that new methods are necessary—a recognition that the old formulas are useless in the face of the truly unprecedented situation now obtaining in the whole of the capitalistic world.

Since the last previous crisis, all the most serious factors in them have augmented as never before. The productivity of modern industry, with efficiency systems, mass production, and "rationalization," has increased in a measure previously hardly dreamed of. The Great War was an important factor in this, as the wholesale destruction of goods had to be made good, with resultant profits for those who had goods to sell, and a great stimulation of production. But, as before, there was no increase of wages and salaries in any way comparable to the enormous increase in output. The gulf between production and popular buying power was greater than ever before, even in the United States, where there had been an increase in real wages.

As for the outside markets, these were disappearing. The countries which had formerly imported manufactured goods were now doing their own manufacturing, this also having been much stimulated by the war, when Japanese industry especially showed enormous expansion. The Far East, from being a buyer of Western manufactured goods, was becoming a serious competitor with Western manufacturers in the West's own markets—a competition the seriousness of which was increased by the lower wage-scales in the East. With practically no new markets available, with the domestic markets limited by the low purchasing power of the people, with industrial productivity far greater than ever before, the present crisis is assuming the form of an utter collapse of world economy. Modern mechanized industry, even were it to resume production at the rate of five years ago, simply has no use for most of the many millions now unemployed. And without employment these people cannot buy even the limited quantity which they previously did.

American Prosperity and the Slump

The Unites States, down to a few years ago, was the focus of economic observation owing to its unprecedented period of prosperity. In America wages per hour had actually increased, while working hours were reduced. Many industrialists had come to see, dimly enough for the most part, that the people could not buy unless their incomes were increased. Wages were raised, and the people were encouraged to "buy" rather than to save. There was not only private but official propaganda to this end, supplemented by an extension of the credit system which permitted workers to make purchases on

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long instalments, mortgaging their earnings for years in advance.

But this, though it took up much of the increased output of industry, could not absorb it all. One of the most vital reasons was the fact that with increased efficiency and mechanization, less and less labor was necessary. There was an actual decrease, from year to year, in the number of workers employed in industry. Many industrial enterprises, while raising wages, actually reduced their total wage bill thanks to the dismissal of workers whom new developments rendered superfluous. Most of these workers turned to salesmanship, or some form of service (waiters, taxi-drivers, etc.), but this could not go on indefinitely, competition among them becoming ever more and more keen, their incomes more and more uncertain. Finally, with output far in excess of the purchasing power of the people, and no important new markets available, the crash came.

Europe's Troubles

The crisis has often been referred to as a result of the war, particularly with regard to war debts, interstate tariffs, inflation and deflation of currencies, etc. This interpretation is clearly quite insufficient to account for the situation in the United States. As for Europe, it is a matter for considerable debate as to what is cause and what is effect.

With regard to the tariff walls separating States—particularly felt in Europe with its many new states—can these be referred to as the causes of declining prosperity? If so, then we must assume that Europe was prosperous and happy before her tariff walls were erected, and that these were created in direct interference with the mutually advantageous exchange of goods which brought comfort to everyone. This, however, was simply not the case. It was the serious economic difficulties of Mid-Europe and Eastern Europe which *caused* these tariff barriers to be erected, each country striving desperately to make both ends meet in the face of increeasingly adverse circumstances. Economic difficulties brought currency troubles as well. Questions of tariffs, currency, and credits have undoubtedly aggravated the situation. But they are rather an effect than a cause of the crisis.

Reparations and the war debts also contributed to the seriousness of the situation. But even with these disposed of, the fact remains that industrial Europe, like industrial America, has no sufficient new outlet for its surplus goods (though the Russian market has developed in recent years), while its common people do not possess the purchasing power to buy back the things they have produced.

The Economic Conference

The World Economic Conference which was called last month aims at the improvement of business by the reduction of some of the barriers which nations have erected against one another in their struggle for economic survival. It is pointed out, logically, that the nations have more to gain by economic co-operation than by non-co-operation. The world is so much an economic unit today that currency manipulations and tariff barriers are a serious hindrance to business in all modern countries. The logic is quite as flawless as the logic for mutual disarmament, and the Economic Conference may achieve quite as much success as have the Disarmament Conferences.

The first question to be raised at the London Conference was that of war debts, which does not seem to have been on the agenda. When the American delegation responded to this matter by failing to attend sessions, however, it was hastily settled out of court, and the Conference went on. A pious resolution was passed for a tariff truce, though some of the nations involved were just entering upon tariff wars which they have shown no signs of abandoning. But the principal matter of discussion so far has been that of currency and the gold standard.

Here there were three main groups involved, represented by France, Britain, and the United States. To France, retention of the gold standard is a very important factor in the maintenance of her control in eastern Europe. Through her enormous stocks of highly-valued gold she is in a position to keep the smaller states of central and eastern Europe dependent upon her. This power she has no more intention of abandoning than she has of abandoning her military hegemony of Europe. She has inflated her currency enormously, indeed, so that the franc is worth today a mere fraction of what it was twenty years ago, but having profitably achieved this devaluation a decade ago, France is now all for the gold standard and "stabilization of currency."

Britain and America

Britain's position is somewhat different, though there are resemblances. Britain is dependent to a great degree upon her exports overseas, which is a minor point to France. The pound sterling, at the exchange rate of two years ago, was so high that British manufacturers were seriously handicapped in the overseas markets. By abandoning the gold standard, and lowering the value of the pound, prices of British goods in foreign currencies came down to a point where British manufacturers could profitably compete once more in foreign markets. This did not, of course, solve Britain's economic crisis. But it improved matters to some extent. The low international exchange rate of the pound, at a point about one-third below its old value, was maintained by Government control of exchange, so that prices in England itself remained little changed. British industry gained distinct advantages from the change.

The United States has now, like Britain, abandoned gold, and is going in for the devaluation of the dollar, to the horror and indignation of many British financiers and industrialists. But with America it is not merely a question of lowering the value of the dollar in foreign exchange, but at home as well. The fall of the dollar at home is what is referred to, ordinarily, as a rise in prices. And this is necessitated by the serious situation in the American west, where the farmers are in widespread revolt.

The American farmers, unable to dispose of their surplus product owing to the destitution of the unemployed in the cities, and receiving lower and lower prices for such sales as they can make, have found themselves unable to pay interest on loans and mortgages, not to speak of taxes. With their incomes ruthlessly cut, they have found these burdens quite beyond them, and financiers seizing their lands,—lands which, however unprofitable, at least gave the farmers food for themselves and their families. And so the farmers' revolt came, with the organized farm producers, in one state after another, refusing to permit their lands to be taken from them, until troops were called out to protect the bankers and landlords against the embattled farmers.

America's Problem

This is a grave problem to the American Government. The farmers, with their own food supply and their sense of independence, are the most serious force of resistance to financial exploitation. The starving unemployed in the cities, surviving somehow on Government or private charity, are apparently too cowed, too demoralized, to show any widely organized revolt. The workers who have jobs are desperately afraid of losing them, and for the most part will submit to almost anything today. But the farmers show a different spirit, one which must be met with something more than troops.

The deliberate devaluation of the dollar aims to assist the farmer to a considerable extent. Prices for his products rise, while the tax and interest burden remains fixed. If God helps the Roosevelt administration by drought this year, and the cotton farmers obey orders to destroy a large proportion of their crop, there may be a considerable rise in prices for what is left. Just who is going to pay the increased price is another question. It is difficult to see how the bulk of the city population, on low or part-time wages, scanty savings, or charity, is going to pay higher prices for food and cotton.

But in any case the aim of the American Government, in devaluation of the dollar, is wholly understandable. And not only does it aim to assist the American farmer, but also the exporter whether of farm or factory products. The lowering of the international exchange value of the American dollar may help American exporters even as the devaluation of the pound has helped British exporters.

And so, when the question came up at the World Economic Conference, there was a difference of viewpoint. France was for stabilization, and the gold standard. Britain was for stabilization, and was even more anxious than France to achieve this before the dollar dropped any further. The United States was wary, and has evidently decided to let the dollar slide a bit further. Even today it is far above the normal exchange rate, in relation to the pound.

China and Silver

China's main interest at the conference is the stabilization of silver. When China reluctantly opened

her gates to Western trade during the last century, the main currency used by Western nations in the East was silver. China, with almost no silver supplies of her own and using copper as the common medium of exchange, got silver dollars from abroad and has used them even down to the present day, though these are mainly supplanted by Chinese coins at present,—made of imported silver.

But the West which forced its trade upon China has in the meantime been playing tricks with its currency which have left China in a difficult situation as regards this foreign trade. First of all, the West "went off" silver, though not until it had become the main medium of exchange in China's foreign commerce. Then, in the last two decades, the industrial nations began to go "off" and "on" gold, with devaluation and revaluation of their currencies in terms of silver. The last few years silver has been hit by an additional factor in the abandonment of silver in some of the few countries which still retained it as the main medium of exchange, notably India and Indo-China. This development, and the disposal of considerable quantities of silver on the market, greatly lowered the value of silver as a currency, which even further complicated matters when, with the growing economic chaos in the West, the tendency developed to abandon the gold standard.

China is to a much less degree affected by the world economic crisis than are most countries. The ancient economic system, and the simple methods of exchange with real money, are still characteristic of most of the country. Industrialism has come in, but is mainly in the treaty ports, though it is already showing the characteristics of capitalism elsewhere in producing more than can be sold at a profit, and dismissing or "short-timing" workers for having "produced too much." China's main interest at the Conference, therefore, has to do with her foreign trade, and the question of silver is important in connection with this.

Silver and the United States

The United States is interested in silver from two viewpoints. A rise in the value of silver would permit the Chinese market to absorb more goods from abroad, and American exporters hope to increase their trade with China, especially since the devaluation of the American dollar gives them far greater possibilities of competition with the Japanese and British, whose depreciated currencies have given such marked advantage in recent years.

There are also American silver producers whose interests are being supported. Silver has become almost a drug on the market in recent years, but if the value of the white metal can be raised by its increased use as money, partly by addition to the gold reserve and partly by actual use for coinage, the silver producers and holders would profit. We have, therefore, Senator Pittman's campaign for silver, and his proposals at the World Economic Conference for a definite attempt to both stabilize and raise the price of the metal.

Chinese business men are interested mainly in stabilization. The serious fluctuations in the value of the manipulated foreign currencies, in relation to silver, greatly increase the risks of commercial transactions. Stabilization is regarded, therefore, as more important than a rise in the price of the metal. In which connection it must be remembered that China is not merely a user of silver, but also a purchaser.

This last consideration must be reckoned with other factors. China has to buy the silver she uses, a point which makes the question of a rise in value of the metal of less importance than it would otherwise be. But another point concerns the developing industrial and financial interests in China. These elements possess an influence quite out of proportion to their actual part in the national economy, and are for cheap silver so that they may market their goods abroad more successfully, undercutting the West. The extent to which some parties are interested is shown by the deliberate invention of a telegram which one local paper recently claimed had been sent by the Chinese Bankers Association in Shanghai against any rise in silver prices, though this was immediately denied by the Association.

China and the U. S.

It is to the interest of the mass of the Chinese people as consumers, on the other hand, to be able to obtain cheaper goods. Higher silver and stabilization will facilitate this, permitting the Chinese people to take up a greater amount of the world's surplus output of goods. This is also seen as a favorable objective by America's delegation to the Economic Conference, and however much certain Chinese interests may wish to see stabilization of silver without increase in its value, it is evident that there must be some reciprocity with other nations. It is to be noted that though two weeks ago T. V. Soong declared stabilization rather than increase in value of silver to be the desideratum, Dr. Yen on June 29 declared both for stabilization and raising the price of the white metal so as to increase China's purchasing power.

This would indicate that the Chinese delegation is prepared to work with the American on this point. And such a rapprochment, indeed, may be an interesting outcome of the World Economic Conference. China is to such an extent self-sufficient economically that it is this medium of international exchange which is of most importance to her at the Conference, and the satisfactory regulation of this may enable her to take up a more considerable portion of the world's surplus production. The United States, also mainly self-sufficient economically, shows a strong swing in recent weeks towards economic nationalism, depending on her internal forces for the patching up of the economic system to some extent. The devaluation of the dollar, meaning in practice the partial expropriation of the money-owners and money-lenders, may help in this. State employment in public works will certainly help. That these and other things will put ten million jobless Americans back at work is, of course, out of the question. But does any intelligent person really expect this of the World Economic Conference?

Railway Directors Reply to British and Chinese Corporation

It is learned at the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railway Administration that correspondence has recently been exchanged between the British and Chinese Corporation and the Managing Directors of the Railways, regarding the default in the payment of interest and principal on the Railway bonds and the allegedly unnecessary increase in the Railway staff. The communication from the British and Chinese Corporation, which is dated May 15, draws attention to the bondholders' dissatisfaction with the default in the payment of interest and principal on the bonds of the Nanking-Shanghai Railway. It also expresses surprise at the amazing rate at which the Railway staff has increased during the past few years.

After drawing attention to the general dissatisfaction on the part of the bondholders with the repeated defaults in the payment of the Railway's obligations, the Corporation hopes that at least one instalment of the interests in default will be paid within the shortest possible time in order to allay the anxiety of bondholders.

Replying to this communication, the Railway directors, Messrs. Huang Po-chiao and Wu Shao-tseng, state that since their assumption of office, they have made every effort to cut down unnecessary expenses and have devoted their chief attention to the expansion of the Railway's business. As for the alleged increase of staff, it is contended that the size of the staff in the five principal departments of the Administration, namely, general affairs, engineering affairs, operation, accounting and materials, has actually been reduced, instead of being increased. Only in the traffic department has any increase been made, this being necessitated by increased freight transportation. The reply admits that there has been an increase of the railway guards but points out that the right of employment of railway guards is in the hands of the Railway Guards Bureau. The reply contends that although the numerical size of the staff may have increased, the total amount of salaries has been reduced by $7,092 monthly.

Tramway Company Has Trouble with Its Conductors

Labor troubles which recently broke out in the Tramway Company of the International Settlement of Shanghai following the summary dismissal of about 20 conductors by the Company are under mediation by the Chinese municipal authorities and the Party Office. A representative of the Social Affairs Bureau of the Municipal Government of Greater Shanghai called on the manager of the Company and placed the grievances of the conductors before the latter. He suggested that, in order to avoid possible embezzlement on the part of the conductors it would be necessary for the Company to give them a "decent living wage." The *Sin Wan Pao* says the manager agreed to consider the suggestion.

Remembered Days in Canton

BY WILBUR BURTON

On the Shakee side of the British bridge of Shameen stands a simple monument bearing in bold, red Chinese characters the slogan: "Remember This Day—23rd day, sixth month, 14th year of the Chinese Republic."

This was the date (June 23, 1925) of the Shameen massacre which was the inevitable aftermath of the massacre on Nanking Road in Shanghai on May 30 of the same year. The Shanghai incident grew out of the increasingly belligerent Chinese nationalism that centered around the Canton Government instituted by Dr. Sun Yat-sen and M. Borodin; the shots that blazed across the narrow canal which separates foreign Shameen from native Shakee on that sultry June day eight years ago were the signals for the boycott of Hongkong and the subsequent march of Cantonese armies to the Yangtsze Valley to establish successively the Wuhan and Nanking regimes. And the spirit thus unloosed has made and is still making Canton the most progressive Chinese city in China.

But there is another day that Canton remembers perhaps even better than June 23, 1925 although there is no monument to mark its passing. That is December 11, 1927. On this date a motorcar containing, according to all available accounts, three or four Russians, entered the Bureau of Public Safety and there started and directed a *coup d'etat* that soon resulted in the seizure of all other government offices and the establishment of what is known in history as the "Canton commune." There was little fighting and virtually no killing although a certain amount of looting took place in various parts of the city, but the communists appear to have had no sound basis for their uprising. Certainly, when the "white"armies entered Canton three days later, the commune collapsed with scarcely a struggle. But that did not save the city from a bath of blood; fully 5,000 persons, most of whom probably had taken no active part in the commune, were slaughtered in the streets in ruthless reaction.

Canton Is the Most Modern of Chinese Cities

Since that time Canton has charted its course by these two days of its modern history; from the heritage of June 23, 1925 comes broader, better paved streets, more schools, and infinitely greater modernization in all respects than can be found in any other Chinese city of China. The same heritage has also made the anti-Japanese boycott more intensive and effective in Canton than anywhere else in China. At the same time, the fearful memory of the commune of December 11, 1927 causes the otherwise progressive petty bourgeoisie of the city to tolerate a military regime that is the antithesis of the enlightened nationalism for which Canton struggled in the 1925-26-27 revolution. Assuredly, warlordism is not, nor is ever likely to be for reasons which will be brought out later, as pronounced in Canton as elsewhere in China, but there is not now a truly civilian government nor any prospect of one.

There are several reasons for Canton's historic destiny as the leader of Chinese nationalism. Before the western penetration of Cathay, Canton was the most important city commercially in the country. Situated at the confluence of four large rivers flowing from north, east and west, Canton was also the natural gateway to South China which was the first section of the country to be invaded by the West. The Portuguese established a foothold in Macao, near Canton, in the middle of the sixteenth century, and from this base other foreigners, notably the British, Americans and French, started about a century ago to batter down the wall of the seclusion that the Manchus had erected around China.

Canton resisted the western invasion with vigor and determination, but with weapons inferior to those of the "foreign devils." But in the decisive Opium War of 1840, the British won and China was thrown open to imperialistic exploitation, but the Cantonese resistance had been so fierce that England dared not ask any greater territorial reward for her victory than the barren island of Hongkong although a slice of the Kwangtung mainland would have been much more desirable. Later, when the impotentcy of the Dragon Throne had become apparent and it was discovered that Cantonese belligerency was the exception rather than the rule in China, England did obtain a large piece of the mainland, but to this day Canton is the only large, strategic city in the county which is not dominated by foreign concessions. There is only one small foreign settlement in Canton—the island of Shameen in the Pearl River—with an area of about 70 acres divided into two concessions, one French and one British, which are strictly residential areas for foreigners, chiefly consular officials, instead of being centers of commerce and politics as are the foreign concessions in all the other major cities of China. In fact, the only Chinese who ordinarily live in Shameen are servants.

Thus Canton has been able to develop with less foreign interference than any other leading city in China. It is, as I pointed out in a recent article in the *China Weekly Review*, handicapped by Hongkong which has much better port facilities for the modern age, since the western penetration the commerical center of gravity has shifted to the Yangtsze valley with foreign-built Shanghai as the gateway. However, next to Shanghai, Canton is the most important city in China and is the capital of the second wealthiest province, next to Kiangsu. And South China as a whole is next to the Yangtsze Valley in the Chinese scheme of things. Canton, however, is more attractive in appearance than Shanghai and it compares favorably in outward aspect with many cities only slightly smaller in the United States. It has few traditional Chinese characteristics—either in odors or in architecture,—but it lacks the physical charm of an old-fashioned Celestial metropolis (like Peiping), and has so far failed to achieve the magnificence of a western city of similar size. (According to a census taken last year, Canton has a population of 1,122,583.)

While the grandiose "three-year plan" announced sometime ago must not be taken seriously, there is much real civic progress in Canton. The entire city has been practically rebuilt from an Oriental city into an Occidental city within the past 20 years, and an amazing amount of new buildings are now going up. There are now 120 miles of wide, well paved streets, all constructed within the past decade. Seventeen more miles of thoroughfares are now being widened, and there are about 70 miles of fairly good motor roads leading out of the city.

Ruthless Progress Marked by Graft

Much of this progress, however, has been marked by considerable ruthlessness and graft; property for street widening has been commandeered without compensation with property owners being taxed in addition for the cost of the widening. At the same time officials and friends of officials have profited greatly by knowing what streets were to be widened next and buying choice sites in advance to sell after the widening at greatly enhanced values. This phenomenon, of course, is assuredly not peculiar to Canton!

Just this year the Hoichu Bridge across the Pearl River, connecting the main part of Canton with Honam Island where 200,000 persons reside and many docks and small factories are located, has been completed at a cost of $2,000,000 Canton currency. (One Shanghai dollar equals about $1.35 in Canton currency.)

As has already been indicated, Canton is more progressive than beautiful, but there are some developments which are very pleasing to the eye. One is the white, pagoda-like shaft that has been raised to the memory of Dr. Sun Yat-sen atop Chungshan, the hill overlooking the government buildings. Another is the Sun Yat-sen memorial hall, completed about two years ago at a cost of about $5,000,000 Canton currency. Seating 5,000 persons, it is the only modern structure in the city on the lines of classical Chinese architecture.

A particularly outstanding aspect of the Canton Government is the amount of attention it is devoting to primary education. There are 13,445 lower schools in the province, and while this number is terribly inadequate for a population of almost 35,000,000, it is striking when compared to the rest of China. In Canton alone there are 16 training schools for teachers, with 89 such schools elsewhere in the province. There are also 216 high schools and 18 vocational schools in the province. The cost of attending these schools is so small that they are available to all except the very poor—who, however, probably comprise at least half the population.

Literacy—using the standard of ability to read an ordinary newspaper—is probably higher in Canton than in any other city of the country, not excluding Shanghai, although no statistics are available. It is likely, however,

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold **pleasure of sight-seeing.**

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

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that not less than 20 to 25 percent of the adult population is literate. There is a tremendous amount of social significance in this fact, for it means that Canton is no place for an old-fashioned military satrap. As has been pointed out, there is not, of course, a genuine civilian government in the city; General Chen Chi-tang is the most dominating factor in the city or provincial regimes as well as in the Southwest Political Council, but he must always watch his step and be guided to a considerable extent by public opinion as expressed through the civilian element in politics. Nowhere else in China is public opinion as powerful as in Canton; Shanghai's intelligentsia is largely isolated through residence in foreign concessions and, further, is overshadowed by such small, powerful minorities as the big Chinese bankers and industrialists and the foreign taipans, but in Canton the dominant class comprises many small, fairly well educated Chinese business men who take a constant and active interest in politics.

Despite all their progress in some directions, the Cantonese are somewhat backward in both agriculture and industrialization. Although much rice has to be imported yearly from French Indo-China, there is a large amount of land in Kwantung that is either entirely nonproductive or produces a very low yield because of unscientific farming. In many instances, all that is needed to increase the yield is deep plowing, but there are no tractors and not enough animals for the task. In other instances there is a lack of legumes that could be remedied by a scientific program. In addition, silk production is below the standard of Japan, although the largest factor in the silk slump is the increasing use of rayon in western countries.

In industrialization, Canton is handicapped. In a semi-colonial country, such as China, industrial development is inevitably more imperialistic than indigenous. Thus the Shanghai area, where foreign interests are largely concentrated, has become the principal industrial region of China. There are no large factories in Canton, and not many factories of any kind. This is the principal reason why the Canton commune was so abortive. It is also one of the reasons why nationalist feeling is so pronounced among the Cantonese; petty bourgeoisie are inevitably nationalistic while big business is less influenced by nationalistic considerations.

As has been pointed out, Canton is dominated by small business men, the bulk of whom are westernized to at least some extent and who are engaged in small industries, shopkeeping, and import and export enterprise. There is only a very small industrial proletariat, but a vast number of handicraftsmen. A beginning is just now being made in modern silk weaving. A small factory has recently been built. There is also a sulphuric acid plant and a caustic soda plant under construction.

In view of the social constitution of Canton, the task of extirpating communism has not proven a difficult one, but General Chen has capitalized it to the limit for his own ends. Execution of alleged communists is still common, but only a few of the victims appear to be real communists;any one killed for any political reason, including violation of the anti-Japanese boycott, is officially described as a "Red." The real communists are usually of the student class who are fired far more by youthful idealism than any genuine appreciation of Marx; it is doubtful if a real Communist "cell' exists in Canton today, and the province is almost entirely free of the so-called Red Armies.

General Chen Fights the Reds

General Chen, however, is always engaged in fighting the Reds somewhere, although many Cantonese are not at all averse to the so-called "Soviet Republic of China" in Kiangsi since they fear that if it were eliminated, Nanking's armies might seek to dominate the South. General Chen himself is generally credited with having an understanding with Nanking and it is believed that he was pushed into the 1931 independence movement by the civilian element in the government, such as Hu Han-min, Eugene Chen and Sun Fo. So far this year General Chen has been able to veto any campaign other than verbal against Nanking.

Although not believed to have any national ambitions, General Chen is building up a huge military machine. His army now consists of about 100,000 men and considerable modern equipment, including about 50 airplanes. He himself is very retiring, never giving interviews and rarely making speeches,—but he is investing his money, which is estimated as high as $50,000,000, in Hongkong hotels and real estate. And his censors believe in the principle that what the public does not know does not hurt it, wherefore the recent *Reuter* report that Nanking had doubled the monthly appropriation of $300,000 to General Chen has not appeared in any Canton Chinese or English-language newspaper.

But the Canton public does not have to read the newspapers to know that taxes are high and the currency is shaky. There is, in fact, so little confidence in Cantonese currency that most major transactions are conducted in Hongkong money.

The Canton municipal budget is more than $5,000,000 a year while the provincial budget is about $90,000,000 a year, Canton currency. In consequence, everything is taxed. There is, for example, a 10 to 15 percent tax on meals in restaurants and the rent of hotel rooms. It probably costs more to live in Canton than in any other city of China. Foreigners are particularly hard hit, at least if they indulge in alcoholic cheer. The local taxes on drinks result in wine lists with the following quotations: whiskey and soda, $1.50; sherry or port, 70 cents; Shanghai U.B. beer, $1.50; German beer, $2.30. And these prices, incidentally, are the cheapest in town; in most of the foreign bars the figures are the same, but the quotations are in Hongkong currency, one dollar of which equals about $1.46 Canton currency.

Legitimate taxes, high as they are, do not provide enough for both Canton's civil and military expenses. In addition there are extensive unbudgeted and illegal revenues for the military from opium, gambling and prostitution. The gambling houses and most of the opium divans and public prostitution, except for the infamous "pleasure boats" on the Pearl River, are confined to one part of Honam Island which foreigners are not encouraged to visit. Evidently the Cantonese feel a bit guilty about this phase of their progress. However, no greater proportion of Canton's revenues come from opium than does Nanking's, and vice is far less pronounced in Canton than in the so-called "model" International Settlement of Shanghai.

No figures are ever made public on opium "squeeze," but it is conservatively estimated that the Kwangtung military must receive from $25,000,000 to $50,000,000 (Canton currency) a year from this source. In 1930, for example, the "opium suppression receipts" in Kwangtung amounted to $9,000,000, which was admittedly only a small part of the opium revenues. The writer has also definitely learned that Kwangsi now collects approximately $9,000,000 a year—one fourth of its entire declared revenues—from the transit tax on opium shipped through the province from Yunnan to Kwangtung. (No opium is produced in Kwangtung.)

In enforcing the boycott against Japan, the Cantonese have paid a high price for their patriotism. The principal items exported by Japan to Canton were coal, piece goods and sea products. Coal now comes from Indo-China at much higher cost, but no better quality. British piece goods have largely replaced Japanese piece goods,—and at much higher prices. The sea products that formerly came from Japan now come from the Indian ocean,—at considerably greater cost. Further the boycott has been marked by much ruthlessness, "squeeze," and blackmail. But it is effective; there are virtually no Japanese goods being sold in Canton today.

The Japanese, however, profess not to be worried over the situation because the Kwangtung market does not loom large in Nippon's foreign trade.

"Canton is not economically important to us," M. Yoshida, the Japanese Consul-General in Shameen, said in a recent interview with the writer. "We are very much interested in the political aspect of Canton, but its trade is not worth worrying about. The boycott is dying down rapidly in the Yangtsze Valley, and there is no boycott in North China. These sections represent fully three fourths of the China market, so we do not need to consider Canton. Further, the boycott will be broken in Canton in the near future by economic pressure; the Cantonese can buy many products much cheaper from Japan than elsewhere, and they cannot afford indefinitely to pay more for their coal, their piece goods and certain sea products than the residents of other sections of China are paying."

It must be admitted that this argument sounds logical. Certainly, no other country can compete with Japan in the items named; American piece goods, for example, are much higher than the British. In some lines, however, where Britain has recently been expanding her trade in South China, American officials are hopeful for an increase in U.S. commerce as a result of the lower exchange rate between American and Chinese money.

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July 1st

the regular quarterly dividend on the Preferred Stock

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Despite the exchange handicap existing until recently, American trade in South China has held its own and in other lines American business has been increasing. In fact, American officials interviewed by the writer view the Canton area as probably the most promising section of China for American enterprise. An American has been engaged by the Canton government as advisor on textiles; Kwangsi has engaged an American chemical expert and also an American veterinarian to assist in fighting rinderpest that prevents development of a cattle industry; an American firm built the Hoichu bridge and has contracts to build some railway bridges; and another American firm built the sulphuric acid plant. Also, Canton recently purchased 18 fighting airplanes from Major James H. Doolittle.

If and when the money can be found, through opium or otherwise, Canton is in the market for more war planes. Many hope to use them against Japan; others hope to use them against Nanking. Actually they will probably be used against the so-called Red Armies in Fukien or Kiangsi.....Thus do the Cantonese remember June 23, 1925 and December 11, 1927.

Canton, June 29, 1933.

Shanghai Telephone Co. Increases Gross Revenue

The annual report of the Shanghai Telephone Company for the year 1932 recently issued refers to the issue of Tls. 5,000,000 of Series A Twenty-five Year First Mortgage Six Per Cent. Silver Debentures, the proceeds of which were used to repay in part advances previously made by the International Telephone and Telegraph Corporation for purposes of financing the construction program of the company.

Gross revenues for the year totalled Tls. 3,500,450, as compared with Tls. 2,416,521 for 1931, representing an increase of Tls. 1,083,929. Expenses of operation, maintenance, provision for depreciation and other charges totalled Tls. 2,282,796 as compared with Tls. 2,101,644 for the year 1931. Operations for the year resulted in a net loss, after deducting all interest charges, of Tls. 71,372, as compared with a loss of Tls. 107,237 for 1931. The loss is principally accounted for by the increased carrying charges, during the period of conversion from manual to automatic operation, on plant additions for which the company has not yet secured full compensation by adjustment of tariffs. The Company reports an increased number of calls per subscriber as a result of the complete change-over from the manual to the automatic system.

European Pirates Murder Russian Captain, Seize Chinese Vessel

To the long list of piracies committed on the Chinese coast by Chinese there is now one that equals or eclipses any that have preceded, committed by Europeans. When the Chinese-owned steamer *Sheng An* departed from Tangku, North China, for Shanghai, June 26, five Europeans forced themselves on board against the wishes of the Captain, a Russian named Vikhman, at one time an officer in the Czarist Russian Navy. These five men after the ship was within 200 miles of its destination murdered the Captain, also the first mate, Nicholas N. Azarieff and his wife, and seven members of the Chinese crew. The marauders then took charge of the ship, intending to sail across the Pacific, but tried to call at Dairen for supplies. Off Hoshigaura beach, not far from Dairen, the ship stranded. The five buccaneers then decided to abandon the ship, in the meantime locking up the Chinese crew. The ring-leader was "Tubby" Taudin, a German, who was recently dismissed from the service of the Shaw Steamship Co. at Antung. His accomplices were various Swiss and German seamen. One of them, G. Shroeder was formerly in the employ of Kunst & Albers in Shanghai as a mechanic and fitter. They were all eventually arrested by the Japanese police in Dairen and vicinity. The story as told by various members of the gang shows that Tauden knew the Russian captain whom he murdered. The plot was to sail to the United States and sell the ship and its cargo there. The men who were arrested have confessed. They contend that the "hard times" had made them desperate. One of them in an interview said that when they (the marauders) attempted to take over the ship, the officers tried to prevent them, so "they bumped them off."

How to Make Shanghai Air-Minded

BY ANTHONY C. TONG

THE year of 1932 marks the beginning of the aviation movement in China. Japanese air squadrons operating with deadly effect in Chapei, and various other fronts where China stationed her counter-invasion vanguards, had definitely demonstrated to the Chinese people how aircraft alone might determine the fate of a huge nation. The response to that stir-up was prompt enough, and then a nation-wide epidemic began spreading out swiftly, clamoring almost everywhere, urging a strong air force for national defence. Among the casualties of those Japanese air raids, Shanghai stood out as the one that suffered the severest; it depicted a most dreadful scene of slaughter of human lives and demolition of metropolitan establishments. The fact that most dwellers in Shanghai were more active-minded than elsewhere in China accelerated the aviation craze. But aircraft building is quite an expensive and technical job for the bare-handed and ignorant public. Until July, 1932, there had been sheer vociferous hues; yet actual accomplishments amounted to nil. Then sprang up two groups of leading characters of social prominence, and two organizations came on the scene. China Aviation Construction Association was founded on a purely civilian basis, *i.e.*, administered and financed by civillians alone; while China Aviation League functioned with the aid of the government. The latter was, however, inactive till the beginning of the year 1933. Both had sworn to devote themselves to the promotion and construction of the aviation industry in China, and so as to carry out their mission "to gather up the energy and money of Chinese people abroad and at home to build up a strong air force for their nation." China Aviation Construction Association started right off with a fund-raising campaign, focussing on overseas Chinese, and had been pushing forward effectively until the government issued an order to stop all unauthorized aviation activities, thereby centralizing the administration and control of all civil aviation organizations—when it had to cease functioning. From July 1932 till the end of that year China Aviation League had undergone a preparatory period. The formal inauguration of the League (January 1, 1933) as stated by the League itself, was further delayed on account of the transposition of the head of the National Air Corps. While Shanghai was at that time worked up to the height of vehement anxiety, it was certainly to be regretted that there was no organized group to take up the responsibility and immediately launch an intensive campaign, by means of which the best of results would undoubtedly be obtained. The fact that public eagerness died out with the lapse of time is not a matter of first importance as compared with the dilly-dallying spirit of the party responsible for the work. Great achievements have always been effected by earnest and able leaders. If it needed almost five months to organize the League for an emergency we doubt whether such a difficult task as aircraft building could ever come to realization in China. Furthermore when some of us see that lack of governmental interference means failure in aviation development, the contrary may be true in another sense. C. R. Fairy, Britain's foremost aviation expert, pointed out in a speech before the Royal Air Force Association of England, that the development of military aviation depended much upon political changes. While many under-developments in China have been caused by political changes, aviation can not be an exception. If a change of the air-commander of the government would cost the people a few monthes' suspension of work of the greatest importance, then what could the government do to help?

Air Campaign Fell Short by $700,000 of Goal

The recent campaign conducted by Mayor Wu Teh-chen of the Municipality of Greater Shanghai furnished us a proof. It was planned by the Mayor to collect $2,000,000 from the public between March first and April thirtieth, in two monthos. At the end of the two monthes, the result was not very satisfactory. Then the campaign was prolonged for one more month. The Mayor finally terminated the campaign at the end of May, reporting an amount of $1,300,000—a shortage of $700,000. An event like this means a disappointment to those that pray day and night for national salvation with aircraft building. Why, the people just did not care much about it as they ought to? Figuring on a population of three million each, owning cash and property of say from less than one dollar to several millions, $2,000,000 could be accumulated almost over night, and that is no exaggeration, in case everybody realized that their everything is at stake. The only explanation of that unfavorable result is simply that the people did not want to give. A questionnaire regarding the arguments as to whys and wherefores the people did not want to give, might last hours. But, regardless of all other indirect or immediate causes, political, social, or personal "delay" is the only answer. A student with a keen eye on contemporary history may well accept that too many mishaps resulted from something having been delayed—which reasoning finds many examples here in China.

Now that the aviation fund-raising campaign on behalf of the China Aviation League has ended, supporters realizing $1,300,000—which has been translated into Curtiss-Hawk fighting planes, the first of the lot having already arrived and has been presented to the National Air Corps by the people of Shanghai—what is the League going to do next? With that little or no money left, to carry out the program of an aircraft factory or an aeronautical school is evidently impossible. Would the League then give up? We decidedly hope not, for we can not bear the sight of a people's most important organization winding up, due to lack of support. The League must now analyse the causes of previous failures or unsatisfactory results, and must henceforth work in a scientific way, clearing every obstacle that is in the way. To handle this task, only men with ability and absolute integrity are qualified.

Turning to the status of the contributing public, we will see that the psychology of those people had been diverted into various channels. Excepting a few, the rich as a rule seldom donated. They probably thought it too conspicuous to give out a big sum of cash and let people talk about it; or they simply valued money above patriotism. Among the well-to-dos, some had to take out a little as an obligation to the friendship of their solicitor. Others declined to contribute anything because they thought their share might not be used in the way it should be. Only the poor, crazed with patriotism, were not so considerate; but then their ability was very limited. Too many times had they been asked to give of their money, out of their living expenses, for patriotic work, that they soon reached their limit. They could contribute no more. The last aviation campaign showed that most contributors were below the well-to-do category. Though the poor constitute the most part of the society, yet their energies are very feeble, and such aircraft building business is beyond their reach.

Well-Fed Class Is Apathetic

For the well-fed class we find that they really can help a great deal, but the trouble is that they will not help. The main reasons for these psychological reactions are two-fold. First, they do not seem to have confidence in ability in those that are responsible for the execution of the work, and secondly they do not realise the importance of the mission, the failing of which might one day bring them misfortune. Knowing the trend of the public, we may say that it is the plutocrats that we must aim at. The gist now is to make them first understand. To make them understand means in other words to make them air-minded, so that they will have an interest in the aviation industry. Then, providing them with a group of earnest experts ready to put the plan into effect, we have little to worry that they might not indulge in contributing money. China Aviation League, the people's supreme organ for aviation promotion and construction, is seen now behind the schedule of their working program. As has been announced by the League, in two periods of three monthes each, starting from Jan. 1, 1933, they would build up aircraft manufacturing factories, open aeronautical training schools, etc. The six months' limit is approaching its termination, yet we see little accomplished beyond the purchase of 18 planes. There might be explanations, but what we want are not excuses. The League must from now on renovate itself and make an effort toward substantial ends. Remembering that the government is in financial straits, it is the people's turn to tackle the aviation problem now; and so China Aviation League is assuming a very big responsibility.

Publicity work is also the most important thing to do now. To this end bare slogans or exciting words may stir up public sentiment, but this leads nowhere. Publicity in an educative manner is what is really necessary. The people must be 'airminded' not 'aircrazed' before they will do anything solid. Apparantly not limiting itself to the operations within the circle of Shanghai,

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Chinese Government

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China Aviation League must start off at once to work out its program in the outports. The recently appointed National Aviation Construction Commission by the government, may be said to work concurrently with the League, but by no means interfering with the latter. Therefore the whole field of the people is open to the League who should earnestly devote itself to aviation promotion and start anew a nation-wide campaign, this time remembering that 'airminded' and 'faithful' on the part of the people are the essential keys toward success.

Shanghai, July 1, 1933.

Manchukuo Seeks Participation in Pacific Relations Conference

The *Osaka Mainichi* says that the Japanese military authorities are determined to leave no stone unturned in order to secure the participation of Manchukuo in the Conference of the Institute of Pacific Relations to be held at Banff, Canada, in August. The forthcoming Conference is expected to be attended by the delegates of Japan, Britain, America, Russia, China, Canada, Australia, New Zealand, and the Philippines. The new State of Manchukuo, it is said, thinks that it is entitled to participation too, and desires to send Pao Kuan-cheng, former diplomatic representative in Tokyo, as delegate.

The Japanese military authorities take the line that the independence of Manchukuo, as frequently proclaimed by Japan, is essential to the peace of the Far East, and therefore the participation of that country in the forthcoming Conference is very necessary, none the less for the fact that she is not yet recognised by the Powers. If the main aim of the Institute of Pacific Relations is, as is avowed, to contribute to the removal of difficult problems in international relations, there is no reason (said Japanese newspaper argues) why the Conference, which is not the organ of any Government, should refuse Manchukuo's participation.

Dr. Hu Shih, head of the Chinese delegation to the Banff conference, interviewed at Tokyo June 23 by the *Japan Advertiser* said that events of the last two years seem to indicate that some of the problems are incapable of solution by reason and study, and that the work of such an organization as the Institute of Pacific Relations may be doomed to failure; but, he said, he retained some measure of the old faith in human reason and scientific thinking; and, thus two years ago, as president of the fourth biennial conference at Shanghai, he opened the meeting by saying: "Whatever calamities may have befallen our respective countries through the folly of our military and political leaders, some good may yet result from the coming together and thinking together of the enlightened men and women of the various nations, and the application of scientific method to research and discussion in international affairs. So far not much good has resulted from our deliberations and researches. but whatever may have been the cause of the past failures, I am still willing to give the method and spirit of the Institute another trial, a new and earnest trial."

Why Japanese Will Abolish Extraterritoriality in Manchuria

(Extracts from an editorial in the Japan Times, June 22)

The Sino-Japanese Commercial Treaty of 1903 embodies the viewpoint that Japan will relinquish extraterritorial rights when she is satisfied that the state of Chinese laws, the arrangements for their administration, and other considerations, warrant her doing so. . . We believe that Japan may with justice, state that while the Occidental Powers have made many verbal expressions of sympathy for China, Japan—as far as practical steps go—has a record which none may rival. No nation has gone to war for China or made the sacrifices which Japan has made in an effort to protect the Chinese from others or themselves. That Japan's primary consideration was for her own self-protection and for the maintenance of a sense of security in the Far East does not lessen the force of this fact.

Japan thus fought the Russians and drove the Russian menace out of Manchuria and handed it back to Chinese control. Japan fought the Germans at Kiaochow and returned that port to China. Japan furthermore is doing more for the millions of Chinese racials in Manchukuo in a practical way, than the Chinese rulers were ever able to do for their own people.

This basic policy of being desirous of assisting the Chinese people and their government holds true today as never before.

American Loan and Rural Rehabilitation

BY PAUL K. WHANG (庄 仲 芳)

CHINA seems to be very much in the same position as a poor man who has just won a lucky number in the lottery. His friends have gathered around him, congratulating him upon his good fortune and offering him free suggestions as to the best way of disposing of his health. One friend, a prototype of the Babbitt, has persuaded him with convincing arguments about the necessity of owning one's own house. Another friend, a motor car salesman, has urged him with glib tongue to buy a car of the latest model. And a third friend, apparently a bigamist, has attempted to interest him in taking a concubine. The counsels are so divided, that the poor man does not really know what to do with his money. Much as he is willing to follow the advices of all his friends, he, however, finds that his newly acquired fortune is not big enough to afford him all luxuries. To make the matter worse, his relatives and neighbors, who can not expect to get any benefit from his wealth, have openly ridiculed his position and assumed a more hostile attitude toward him.

China is now faced with the same problem as that old man. She has been successful in contracting a huge loan of G.$50,000,000, but is at a loss as to how the proceeds of this loan can be best utilized to serve the various needs of the country. Friends of the Nanking government have been enthusiastic in mapping out various reconstructive programs for making use of the proceeds of the loan, while its enemies have been vehement in their denunciations against the loan not because of their opposition to the principle of making this loan but because of the fact that they can not claim any benefit from it. Much controversy over the loan between the leaders of different political camps has already been published in the vernacular press, and it goes without saying that more heated arguments will be heard in future, inasmuch as all the provincial and local authorities have watched this huge pie with envious eyes and will vie with each other in first laying their fingers on it.

To the Nanking government, this loan has equally political and economical significances. Politically, in obtaining this huge loan, the Nanking government has invariably enhanced its prestige and credit in the comity of nations. Moreover, it will be in a much stronger position to fight against its political opponents, although the high officials of the government have repeatedly assured the public that the proceeds of the loan will not be used in furthering the domestic strife.

The Motive for the Loan

Economically, the loan is needed to tide over the domestic financial crisis. Ostensibly the loan was contracted for relieving the domestic cotton and flour industries, but in view of the present financial conditions of the country, one doubts if the real motive prompting the government to seek assistance from Washington does not lie in some other directions. Although the Nanking government has made much capital out of the fact that it could balance its budget of the past fiscal year without resorting to domestic borrowings, it is no secret that its Minister of Finance has always been at its wit's end to raise new revenue to meet the increased expenditure for combating the Red-banditry and resisting foreign invasion. The difficulty of the government's financial problem would be partly solved, if the "God of Fortune" from Shantung had not turned out to be an impostor. With the prices of domestic bonds always at the low level, any attempt to issue new government bonds would easily precipitate the monetary market into a further confused state. Therefore there is only one way out of this financial impasse by resorting to foreign borrowing.

The government, besides assuring the public that the proceeds of the loan should be carefully guarded and that not one cent would be wasted, has not yet informed the public of its plan of utilization. Many government officials and individuals, however, on their own accord have formulated many programs to make use of this loan, including the development of domestic basic industries, the disbandment of superfluous armies, and what not. Although the proceeds of the loan in terms of Chinese currency amount to something like $200,000,000, this huge sum still proves too small to serve the various needs of this country.

If the government is really sincere in its assertion that the loan will be exclusively devoted for worthy purposes, it should immediately work out a definite program to which the loan is intended to apply. Needless to say that China's problems of reconstruction and rehabilitation are many and various, and it will take much time and an enormous amount of money to undertake and accomplish all these works. The present loan may be adequate enough to be used for one or two undertakings with successful results, but is far from being sufficient to be applied to all the works at the same time. Under this circumstance, the government must tackle the most urgent problem first and formulate a program within the limit of available funds. In order to assure the success of this program, the work must be carried out in different stages and be consummated within a stated number of years.

While we have no mind to make any suggestions to the government relative to the best use of the loan, when there are already too many suggestions on paper, we, nevertheless, are inclined to believe that we can hardly proceed on the works of reconstruction unless we first rehabilitate ourselves. Therefore it seems to us that the most urgent problem which is now facing the government is that of rural rehabitation. China, to all intents and purposes, is still an agricultural country, and the bulk of her population are living by agricultural pursuits. In recent years, because of natural and man-made calamities, she has become no longer self-subsistent, and has to import foreign rice, wheat and cotton to make up her shortage. On the other hand, her exports of raw silk, tea and other native products have fallen off drastically. The inadequate production of foodstuffs and the falling-off of foreign demands for native products are the principal causes which are responsible for the general and economic bankruptcy.

Communist Activities and Economic Unrest

The rural economic bankruptcy has in turn caused the general unrest and the growth of communistic activities. In passi g, it may be mentioned that the communistic problem has been long recognized as being more economic than military. Intermittent campaigns have been waged against Red-banditry, but so far little progress has been achieved in that direction. Last year, the government, after realizing the futility of military campaigns to eradicate the communistic activities, invited through the League of Nations two rural experts to come over to China to make investigations into rural problems and to formulate relief measures. As a result, an agricultural bank has been established in Hankow with the object of rendering some financial assistance to the distressed farmers in the districts recovered from the Red-bandits. Possibly because of the lack of sufficient funds, many of the relief measures which have been carefully considered and formulated remain on paper.

Then why should not the government make use of this loan for relieving the distress of our farmers? To tackle this problem of rural rahabilitation, we must approach it with both direct and indirect measures of relief. Directly, the government should help the distressed farmers to re-establish themselves in those districts devastated either by Red-bandits or by flood or drought, by granting them loans and teaching them scientific methods of farming. Gradually it should establish experiment stations in the tea and cocoon-producing centers to teach the farmers how to improve the quality of their products so as to extend their foreign markets.

Indirectly, the government must assist the farmers to market their products. To re-establish them on the farms alone will not be sufficient to relieve their distress, if they are not provided with facilities to market their products from the centers of production to the places of consumption. Above everything else, the government must see its way to regulate the prices of farming products in such a way as to enable the farmers to get adequate returns for their labor. As some of the farming products such as cocoons are to be manufactured into finished products for foreign exportation, the government should also encourage the exports of those finished products. In this connection, I have to once again reiterate my belief that part of the American loan should be paid back with raw silk, tea and other native products, as an indirect measure to encourage the exportation of Chinese products and to improve the well-being of the farming population.

Undoubtedly this program of rural rehabilitation is a vast one. If the government can conscientiously apply itself to this work, and to carry out its various stages within a stated number of years, there is no reason why this vast problem can not be successfully solved. The success in solving this problem will not only alleviate the distress of the Chinese farming population, but will go a long way to uproot the communistic menace.

Shanghai, July 1, 1933.

America Refuses to Stabilize Dollar for the Present

President Roosevelt announced in Washington at the beginning of the week that America would not participate in any stabilization scheme for fear that it would reduce commodity prices. The refusal of America to agree to stabilization has caused consternation and chagrin to France, and to the several other countries still on the gold standard, particularly Belgium, Holland, Switzerland and Italy. Recent telegrams from London intimated that France and the other members of the "gold bloc" would impose a special surtax on all American goods to offset the depreciation of the American dollar.

President Roosevelt made a last minute change in his statement on the American monetary stabilization policy, far more emphatic and drastic in its recommendations than the one Secretary of State Cordell Hull had circulated earlier. It surprised the American delegation at the World Economic conference in conference at London, as much as it did the Europeans. It was disclosed that there is considerable difference of opinion among the American delegates as to the wisdom of President Roosevelt's decision.

President Roosevelt takes the attitude that stabilization is outside of the program of the Conference. In the meantime fluctuation in currencies are hoped to be moderated through the concerted action of the New York Federal Reserve Bank and foreign central banks.

Following the American rejection of temporary stabilization measures, the French delegation refused to attend the meetings of the sub-committee on permanent measures. Instead the French met with the representatives from the Netherlands, Switzerland, Belgium, Poland and Italy and drafted a statement confirming their intention of remaining on the gold standard at the present parities. The statement said the Central Banks of these countries will be directed to cooperate to maintain the parities. This was taken as a definite declaration of a monetary war on the United States. If such a contest materializes, it will definitely wreck the Conference, the majority of delegates believe.

France took the ground that stabilization of the pound sterling and the dollar are the only foundations on which the Conference can build.

The Moscow *Pravda* June 27 commented: "The World Economic Conference is aggravating the economic warfare conducted by the capitalist countries, instead of easing it, and is more than ever becoming the arena of a gigantic duel between Great Britain and the United States over the questions of markets, tariffs and currency."

Japan Intends to Made Its Tariff More "Protective"

A recent telegram from Tokyo intimated that the Japanese Government will revise its Customs tariff, with more "protective" features. The Japanese attitude is that its customs tariff was established long ago, and is not suitable to compete in view of present international economic conditions and it will therefore have to be revised. The drafting of an up-to-date customs policy will begin soon after the adjournment of the World Economic Conference, the telegram from Tokyo stated. Japan's telegrams indicate that both the United States and Japan will raise tariff walls against each other's products.

On July 4 the British paper pound was worth $4.50 in American currency, the highest since England went off the gold standard in September, 1931. The Japanese yen which at one time had fallen to U. S. $0.20 rose to U. S. $0.28 on the same date.

India would be prepared to join in any declaration adopted by the World Economic Conference emphasizing the desirability of reducing customs tariffs, a memorandum issued by the Indian delegation in London June 24 stated.

T. V. Soong Starts on Return to China

T. V. Soong departed from London July 5 for Italy, en route back to China. He was received in audience by King George at Buckingham Palace in London July 1. Later he had an interview with M. Litvinoff, the Soviet Foreign Commissar, concerning the proposed C.E.R. sale and other matters.

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Plain Speaking on the Sino-Japanese Situation

The following are extracts from a speech, delivered on April 22, 1933, by Dr. Sao-Ke Alfred Sze, Chinese Minister to the United States of America, before a distinguished audience comprising the members of the Foreign Relations Council, the Foreign Policy Association, the China Institute and the Chinese Chamber of Commerce, of New York. It sets forth many instances of treaty violation by Japan and refutes her inappropriate charges of disorder in China by exposing her obstructive schemes with which she has been persistently working for the demoralisation of China.

The Japanese rest the substance of their case upon two principles that complement each other. The one is that they are a misunderstood people; the other is that the rest of the world is not as able as they are to form a wise judgment as to what the situation in the Far East demands. In effect, she asks that what seems to be black shall be regarded as white; that what appears to be treachery to the given word shall be viewed as fidelity to it; that acts which, in appearance, are aggressive in character, shall be deemed self-defensive; that what is clearly cruelty, shall be considered kindness.

I am certain that my own people will not be willing to subordinate their judgment as to what their own welfare demands to the judgment of the Japanese, and certainly they will not, in the light of a cruel past, accept the pious protestations of the Japanese as to the purity of their motives. As for the nations of the Western world, I do not for a moment believe that they will rate their collective and unanimous judgment lower than that of Japan. Nor do I think that they will attach to Japanese promises that value which they might have been willing to attach to them had Japan a better record with regard to fulfillment of her international undertakings.

Japan's Opposition to the "Open Door"

The slight binding force which the Government of Japan attached to its repeated promise to respect the Open Door Policy in its dealings with China was conspicuously manifested in 1919 and 1920, when, in its negotiations with the Governments of the United States, Great Britain and France for the establishment of the international banking consortium, Japan sought to have recognized preferential rights in Manchuria which were inconsistent with that doctrine.

We all know the extent to which the foreign trade of Korea has been monopolized by Japan since she incorporated that country in her Empire. Since the occupation of Manchuria by the Japanese it would seem that the development in the same direction has already begun. Foreign firms there, other than Japanese, are reported to be reducing their staffs or closing their offices. Thus, the Kailan Mining Administration, a British firm, which for many years has had a representative in Mukden for the sale of glass, tile, and bricks, has closed its office; the Chinese Engineering and Development Corporation, an American concern, has transferred its Mukden assistant manager to Hankow; Andersen, Meyer and Company, one of the most important and well-known American concerns in the Far East, has closed its Harbin branch; and it is well-known that there are other foreign firms in Manchuria which are remaining there only until they can settle their accounts. In the China Trade Report of March, of this year, issued by the Foreign Commerce Service of the United States Department of Commerce in co-operation with the Foreign Service of the Department of State, I find the statement: "American imports into Manchuria have declined seriously, while those of Japan have increased several fold."

Impressed by Japan's attitude toward her treaty obligations, Honorable W. R. Castle Jr. recently Under Secretary of State, has explained, but not justified, this attitude by calling attention to the Japanese conception of patriotism which exalts the State to a point where its actions are no longer amenable to the requirements of ordinary morality. He says: "To us (Americans) the higher patriotism consists in scrupulous observance of treaty commitments even if this appears temporarily disadvantageous. To the Japanese mind loyalty to country must supersede loyalty to paper agreements. Therein lies the deep divergency between the national points of view. . . . The Japanese accept the post-war treaties as expressions of wholly admirable opinion but not as obliging them to forego action for the good of the State. They do not accept them literally . . . as a compelling and restraining axiom of national policy." (Address, April 7, 1933, before The American Academy of Political and Social Science.) In the light of such a record of treaty violations, and of such a conception of the nature of treaty obligation as Mr. Castle speaks of, I ask whether it is within reason that one should have faith in the declaration which Japan is now making as to her intentions with regard to the future of the Manchurian provinces, or, for that matter, with regard to China as a whole.

As late as 1904, in the protocol of that year between herself and Korea, Japan declared: "The Imperial Government of Japan definitely guarantees the independence and territorial integrity of the Korean Empire," The very next year, Japan succeeded in obtaining from the Korean Government an agreement, by which Japan should thereafter "have control and direction of the external relations and affairs of Korea." The remaining steps leading to the extinction of the sovereignty of Korea and its incorporation into the Japanese Empire quickly followed.

Japan has declared to the world in definite, one might say defiant, terms that to her alone belongs the duty of maintaining peace in the Far East. And by this she has made equally clear that she means, not a peace arrived at and maintained by friendly negotiations and co-operation among the Powers whose interests are concerned, but a peace dictated by herself, and by herself alone, that is, one based upon the concession by China to herself of such privileges and interests as she may see fit to demand, and the acquiescence of the other Powers in the changes thus to be brought about.

Japan Would Dictate Far East Peace

General Araki, Japanese Minister of War, as reported in the *London Times* of October 4, 1932, has declared: "It is no idle boast to say that if anything obstructs Japan's mission of peace, we are ready to do away with it." Thus while Japan has declared that peace must prevail, she also serves notice upon the world that such peace cannot prevail until what she concludes to be her own rights and interests have been fully satisfied. We know the manner in which she defines her own rights and interests. Desiring the natural resources of Manchuria she describes them as her "life-line," and, having made this assertion, claims the right to seize that territory and its resources for herself. Conceiving that, for strategical or military reasons, it will strengthen her to control an area, she asserts that she is justified in occupying it. In all this the rights of others play no part. What sort of a world will we or our children live in, if this rule of national action be recognized as a valid one?

Of late, it has been argued by Japanese spokesmen and especially by Mr. Matsuoka, that, because a certain amount of disorder has attended China's efforts to establish for herself a government of the people, she is not entitled to rights which the other Nations should respect, and, therefore, that Japan should not be held strictly bound by such agreements as she may have made with the other Powers concerning China.

Were I speaking to an English audience, I might call attention to the fact that, should the world attach value to the Japanese doctrine that, because there has been more or less domestic disorder in China, another State is not under an obligation to respect the sovereign rights of that country, Japan might, upon similar grounds, claim that because there has, at times, been considerable rioting, and other disturbances to domestic order in British India, she need not continue to recognize the *de jure* position there of Great Britain.

One reason why the Japanese should hesitate to criticize a government other than their own is that they themselves have a type of government which is a menace to all orderly international relations. The friendly and orderly intercourse of nations with one another is founded upon the presumption that the foreign offices of the individual States constitute a part of their respective civil establishments and are the organs constitutionally authorized to declare the policies of the Governments which they represent, and with the presumption that, when those policies or promises are declared or made, the governments concerned will have the power as well as the intention, to carry out the undertakings that have been entered into. If this were not so, there would, of course, be no utility in the obtaining by one foreign office from another foreign office of assurances or undertaking with regard to any common policy, or as to any specific action that might be desired.

So far from there being any truth in the Japanese assertion that China is not an adequately organized State, the fact is that, judged by the tests of Governmental

efficiency, China has today a more unified and effective government than she has enjoyed since before the Washington Conference of 1921-1922 when, by the Nine Power Treaty then drafted and signed, the Powers, including Japan, engaged themselves to respect not only the sovereignty and territorial integrity of China but also its administrative integrity.

During recent years there has been progressing in China three great revolutions—a political revolution to establish a national government upon a popular basis; an economic revolution to modernize methods of production and distribution; and a cultural revolution, which amounts to a genuine renaissance, to bring about changes in all fields of spiritual thoughts and idealism. I will not assert that, within the few years that this great composite movement has been going forward, China has overcome all the difficulties that necessarily beset a people of over four hundred million souls when it enters upon such a great enterprise. But those who best know China know that she has been making steady advance along all lines.

Japan Says England Is Inconsistent Regarding Indian Negotiations

Japan during the week called the attention of great Britain to her apparent inconsistent attitude regarding negotiations for a trade parley between India and Japan. Britain, it is alleged, asserted in the first place her inability to interfere in the Indian decision to abrogate the Indo-Japanese Commercial Convention owing to India's fiscal autonomy, but subsequently showed reluctance to permit direct negotiations between India and Japan owing to Britain's responsibility for conducting Indian diplomacy.

The *Osaka Mainichi*, a paper of roughly 2,000,000 daily circulation, has been giving considerable prominence of late of the views of one of the most active Indian malcontents in Japan. The same paper has also been featuring the assertion made by this gentleman and two of his friends, that the Indian masses have had nothing to do with the imposition of the recent increase of duty on Japanese cotton goods entering India, and that they are definitely opposed to it. The English edition of the paper recently published a special supplement designed to expose the machinations of Great Britain against Japan in this and other respects.

A "hymn of hate" against Great Britain was distributed in Tokyo last week by an organization calling itself the Young Men's Department of the East Asia League. It read as follows:

Destroy and chastise England,
Destroy and chastise England,
The enemy of justice,
The enemy of justice,
Destroy and chastise England,
Destroy and chastise England,
The enemy of humanity,
The enemy of humanity,
Destroy and chastise England,
Destroy and chastise England,
The enemy of peace,
The enemy of peace.

Catholics and Hitler Government Reach Agreement

An agreement in principle for a Concordat between the Vatican and Germany was reached between Herr von Papen, and Cardinal Pacelli, Papal Secretary, in Rome July 20. Herr Hitler has given assurances with regard to Catholic education.

The Catholic Centre Party is being abolished; the representation of Catholic interests is being handed over to non-political Catholic organisations.

The offices of all Catholic societies and clubs in Prussia which are regarded by the police as political have been closed and all documents in them senzed.

New C. M. Boats to Be Bought with British Boxer Funds

Dr. Hang Li-wu, general secretary of the British Boxer Indemnity Fund Administration, stated at Nanking July 4 that the board of trustees of the Sino-British Boxer Funds, had approved a loan of £360,000 to the China Merchants' Navigation Company for the purchase of new boats. Securities include a lien over the new boats purchased with Boxer funds and a lien over the entire receipts of the new boats.

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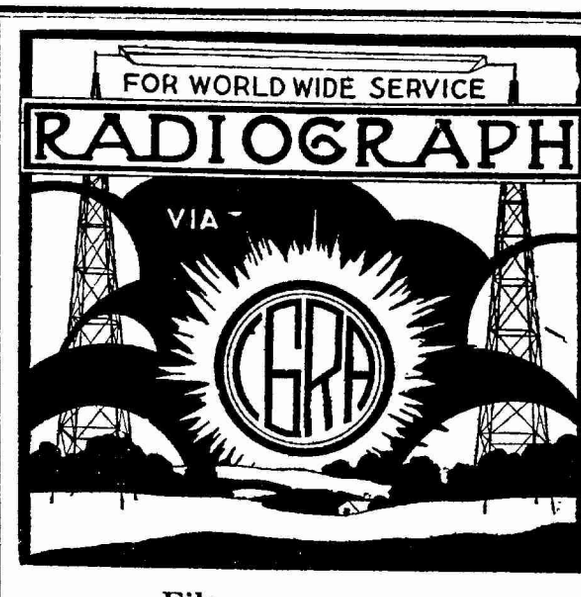

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The Problem of Communism in China

BY CHEN FU SHENG (陳福生)

PROBABLY the two greatest problems of China are internal reconstruction and communist suppression. Without international co-operation, the reconstruction of China is an impossibility; without the solution of the communist problem, the question of internal reconstruction remains unsolved. If the existing resources and future economic possibilities in China are to be developed to the fullest possible extent, she must welcome foreign capital—which will be forthcoming only on condition that peace prevails in China. There will be no peace unless and until the communist forces in Kiangsi and elsewhere are suppressed.

Communism in China does not only mean, as in most countries, a political doctrine held by certain members of existing parties, or the organization of a special party to compete for power with other political parties. It has become an actual rival to the National Government; it aims at overthrowing the Nanking regime. In some places where communists come to power, a Soviet regime is constituted; communism is instituted; democracy is overthrown; proletariat autocracy is established. The whole economic system of these places is broken down, and an agrarian crisis ensues. Verily, the communist menace has shaken China to the very foundation.

To suppress communism necessitates, of course, the use of armed force. The military authorities of China must take advantage of the armistice with Japan to send reinforcements to the places where government troops are opposing the communist forces, and must carry out the anti-Red campaign with swiftness and precision. But mere use of force is not sufficient, as most of the communists are destitute farmers and young students who have grievances against the present regime. Recently, owing to political upheavals and internecine war, many farms lie waste and many farmers are out of employment. These peasants, sinking into hopeless poverty, can easily be instigated to revolt against government authorities. History tells us that destitute farmers have from time immemorial been the precursors of revolutionary movements. Farm relief measures must be adopted as soon as possible. Ways and means should be found to cope with the agrarian crisis. If the bankrupt rural districts can be brought back to prosperity, discontent will cease to exist among farmers. Propaganda, the most effective weapon of communists, will fail to be effective.

It is an undeniable fact that nepotism, corruption and maladministration can be found in every part of China. This state of affairs naturally invites criticisms and complaints from the people, particularly from the young men who wish that China could be built in one day. Undoubtedly, great political reforms must be made. In the meantime, the young men must be convinced that the growth of a nation is gradual and that the path to glory and prosperity is always long and rugged. China is a nation in revolution: political and economic unrest is unavoidable. The environment of China is far from being satisfactory and yet it will be made better by and by. Political tranquility and economic stability can be achieved through constructive reform, not through destructive revolution.

During the time of economic depression, the industrial nations of the world must necessarily find outlets for their surplus goods. China is, beyond any doubt, the relatively sure market of these nations. The purchasing power of four hundred million Chinese, after the consolidation of red menace, is amazing. China alone can help other nations to solve their financial troubles. Matsuoka's remark that the purchasing power of destitute Chinese is a trumped up myth, is prejudiced and, therefore, unbelievable. The industrial nations, if they are willing to help themselves, must help China by offering her assistance in communist suppression. The threat of communism in China is a matter of international concern. It is an anxiety to the rest of the world: it is an obstacle to world economic prosperity. To help China to suppress communism is purely in the interests of world peace.

Priority of the anti-Red campaign to the anti-Japanese campaign and vice versa is a much-talked-of subject. The Central Government advocates that China must set her house in order before she faces external attack, while the Canton faction of the Kuomintang suggests that communist suppression and resistance against Japan must, at least, go hand in hand. Whether it is good for China to fight against Japan at this time we are not in a position to say, but it is open to doubt that China can solve her troubles, Ab Intra and Ab Extra, at the same time. For aught I know, Chinese troops despatched to the front, would be seriously embarrassed if they had in the rear a restive, communistically-inclined population backed by a hostile organization. To exterminate communism is one thing; to resist Japan's aggression is another. We can hardly do two things at a time. Moreover, the best way to tide over an external crisis consists in bringing about internal pacification and internal reconstruction. China must encourage international development of her industries and she must suppress communism. Herein lies the salvation of China.

Yangtsze Flood Danger Is Past---Waters Subside

T. C. Hsi, Director of the Engineering Department of the National Economic Commission, announced in Hankow July 4 that the danger of a possible flood at Hankow is past. The water level at Hankow had subsided to 46 feet on that date. The level in the Upper Yangtsze has also dropped.

All parts of Hankow became dry June 2, the Yangtsze having receded a further two inches the previous day.

A sum of $600,000 will be appropriated by the Nanking Government for flood prevention work on the Yangtsze River, according to a decision reached at a meeting of the Central Political Council June 28.

The Coastal Surveying Department of the Ministry of the Navy has issued an order to all shipping companies navigating the Yangtsze to instruct their ships to proceed slowly during the present wet season, for fear of a possible breakdown of the dykes along the river incidental to the constant wash of the waves.

Floods in Various Districts

Kiukiang was completely flooded June 28, the water in the city being between two to four feet deep on that date.

Three million mow of fields in Mawangyu, a part of Nanchang district (hsien), were flooded following the collapse of the dykes protecting that section. Kan and Fu rivers recorded a drop of two feet as their waters overflowed into the fields.

As a result of copious rainfall, the Wei River overflowed its banks June 28, thereby considerably aggravating the famine situation along the river valley in southern Shensi. A large quantity of grain stored in the granaries in Chaotsun, constituting the entire harvest for the summer, was destroyed. The Wei valley was the only section of the province comparatively free from famine this year.

The Ma Wang Dyke, one of the four main dykes in Kiangsi built along the Kan River, was destroyed by floods June 29 as a result of a sudden rising of the river. Within 24 hours 30,000 acres of land were submerged.

Several hundred feet of dykes along the Hun river, west of Peiping, were reported to have collapsed June 30 but damage was minimized through the timely efforts of the farmers, who succeeded in stopping the gaps. Reports from Tsinan state that the Grand Canal in Shantung is subsiding.

The Fusan-Seoul Railway was interrupted July 1 as the result of a heavy rainstorm which swept over south Korea.

According to an official report submitted by the Hupeh Provincial Government to the Executive Yuan, breaches occurred at three places in the entire province, namely on the Chin Shui (Wuchang), Changhui, and Hsinhsiayuan Dykes (Hanyang).

America Makes Indirect Loan to Soviets to Finance Cotton Shipments

The Reconstruction Corporation announced in Washington, July 3, a series of loans to American exporters to finance the sale of 60,000 to 80,000 bales of cotton to Soviet Russia. The loans are secured by notes for one year bearing, interest at five per cent, which will be issued by "Amtorg", the Soviet trading organization in the United States and guaranteed by the Soviet bank. Amtorg will pay 30 per cent of the cash at the time of shipment of the cotton.

American Flier Killed While Doing Stunts at Canton

Lieutenant Deeds, an American pilot-instructor of the Canton Aviation School, was killed July 2 in that city while stunting in a high-speed airplane. He had completed one spectacular dive and was attempting to repeat it when the ship hit the ground at terrific speed. Mrs. Deeds had only arrived at Canton to join her husband several days previously, coming from the United States.

Chief of Aviation Bureau Resigns

General Keh Ching-en, Chief of the Aviation Bureau and concurrently head of the aviation school at Hangchow, has resigned his post. General Hsu Pei-king, who received military training in Germany, is to succeed him.

Shanghai-Canton Airway Plane Makes Trial Flight

A Sikorsky hydroplane piloted by Messrs. Eagmer and Grooch, hopped off from the Lunghwa Aquadrome near Shanghai at 7.45 in the morning July 3 on a trial flight to Canton. Mr. Bixby, a high executive of the Pan-American Airways Inc., and W. L. Bond, operations manager of the China Aviation Corporation, and several Chinese and foreign officials of the two concerns were passengers.

At the 20th general meeting of the Board of Directors of the China National Aviation Corporation held in Shanghai June 30, the projected Shanghai-Canton Airway, annual salary increases of the staff, etc. were discussed.

Fifteen military planes purchased from America by the Kwangtung Provincial authorities arrived at Hongkong June 29 and were transported to Canton by rail a few days later.

An international aviation club will shortly be formed in Shanghai. The Club will show courtesies to foreign aviators passing through China and invite them for aerial demonstrations.

Two new twin-motored Corsair airplanes for the China National Aviation Corporation arrived in Shanghai June 26. The planes were built by the Curtiss Works of America and they are capable of a speed of 240 kilometres and can carry eight passengers.

Kuhn-Loeb Paid Fee to Norman Davis for Chile Loan

Following the recent inquiry into the affairs of J. P. Morgan & Company, which was resumed on May 31 on the insistence of Senator Carter Glass, the Senate Banking Committee began an investigation into the affairs of the Kuhn-Loeb Company, New York bankers, June 26. Otto Kahn, the head of the firm, testified that the Company's assets at the end of 1931 totalled $66,974,000. The firm's chief business, he said, was with corporations. Ferdinand Pecora, counsel for the Committee, produced a list of 37 corporations, 15 of which had deposits totalling nearly $13,000,000 with the Kuhn-Loeb Company at the end of 1931. Mr. Kahn testified that Norman Davis, American delegate at the Disarmament Conference, had received $35,000 in 1925 for his services in connection with the $20,000,000 loan to the Mortgage Bank of Chile, by the Kuhn-Loeb Company and the Guaranty Company of New York. Mr. Kahn added that this was the only foreign loan, floated by the Kuhn-Loeb Company, which was in default.

Soviets Release Engineers---British Embargo Lifted

Simultaneous announcements were made in London and Moscow July 2 that the two British Metro-Vickers engineers, MaDonald and Thornton were being released from prison in Moscow and that the embargo on Soviet goods enforced by England since the trial was held several months ago had been lifted. The negotiations for a new commercial treaty between England and the Soviets will be resumed in the near future. The two British engineers have in the meantime arrived back in England.

The Soviet organ, *Izvestia*, July 3 said the lifting of the British embargo on Soviet imports and the corresponding step taken by the Soviet government, was a victory "sensibly understood by both British and Soviet economic interests and a defeat for the British diehards who doubtless will yet again repeat the attempt to compel Britain to invoke measures antagonistic to Soviet Russia."

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Japanese Army and Navy Want More Money

Dr. S. Washio, the well-known Japanese writer on economic subjects, wrote in the *Japan Advertiser* June 24 that among the considerations that go to increase the expenditure of the Japanese Government for next year over that of this year the most obvious is the interest on loans that is to be made during the current fiscal year to the extent of over Yen 1,000,000,000. Interest on this amount at 5 percent will be Yen 50,000,000. The expenditure on armament improvement for the army and navy will also increase. Mr. Takashashi himself admitted this in the Cabinet Council to be a serious problem. Present indications are that the army's demands for next year will be an increase of Yen 80,000,000 over this year's budget and the navy, coming out boldly for the so-called second supplementary building program, held in reserve since London Naval Conference, will also ask for an increase of Yen 50,000,000 or more. All these considerations show that there is no chance for a reduction of expenditure in next year's budget.

The War Ministry, it is said, would like to economize as much as possible but can find use for about Yen 645,000,000 in the budget for the 1934-35 fiscal year, almost 45 per cent more than the Yen 448,692,554 which it is receiving under the current budget.

According to *Nippon Dempo*, though the War Ministry itself may reduce the desired sum substantially before submitting its estimates to the Finance Ministry and though the Finance Ministry may succeed in obtaining a further reduction, it is considered impossible, says the news agency, to cut the 1934-35 appropriation below that for the current fiscal year.

The main new items of War Office expenditure on which negotiations with the Finance Department will be opened shortly, are given as follows:—

1.—Arms and other munitions replenishment	Yen. 249,000,000
2.—Supplementary military education	6,240,000
3.—Improvement of the system	16,000,000
4.—Manchurian affair	150,000,000

The military authorities are credited with the firm determination to secure the approval of the Finance Department for the abovementioned estimate in its entirety, to which they attach special importance. They are persuaded of the absolute necessity of this particular expenditure, in view both of the important international situation and of maintaining industrial capacity at home.

Navy Needs More Than Four Hundred Million Yen

Admiral Osumi, Minister of the Navy, in a recent interview said that he is unable to give correct figures of the Navy Department's estimates for the next fiscal year, until November, though he thinks that they will exceed Yen 400,000,000. Replying to the criticism heard in some quarters that the projected naval replenishment program is too expensive, the Navy Minister said that when it is remembered that his Department's estimates for the fiscal year 1921-1922 reached Yen 500,000,000, the new scheme can easily be accepted by a nation really convinced of the need of national defence, as the national wealth has been doubled since then. How the naval replenishment program will be apportioned to future fiscal years cannot be told at present, he said, but he desired to see it completed by the fiscal year 1936-1937 at the latest.

Korean Governor-General has Unpleasant Interview with War Minister

General Ugaki, Governor-General of Korea, visited General Araki, Minister for War, at his official residence in Tokyo June 2 and stated his views on the question of armed strength in Korea, the frontier guard issue and the problem of the settlement of Koreans in Manchuria, asking for the War Minister's favorable consideration. The Japanese newspapers state that the interview was rather stormy, the two men having widely divergent views.

A recent message from Tokyo stated that Kazue Kuwajima, Japanese Consul General at Tientsin, is to be appointed as Chief of the Asiatic Affairs Bureau of the Foreign Office in Tokyo in succession to Mr. Tani, who is shortly to be relieved of his post and appointed Councillor of the Japanese Embassy in Changchun.

Sale of Beer to Be Made Government Monopoly

Following the amalgamation of the Dai Nippon Brewery Co., Ltd. and Beer and Mineral Water Co., Ltd, the Finance office is planning to make the sale of beer in Japan a Government Monopoly.

The Commonwealth of Australia, which had previously applied a prohibitive tariff on Japanese rubber shoes some time ago, is going to establish the same customs policy on all the imports from Japan, including cotton towels, porcelain wares, electric bulbs, sulphate of ammonia, etc., a recent message from Tokyo stated,

Twenty tons of frozen meat arrived at Yokohama on July 4 aboard the liner *Rio de Janeiro* from Uruguay. The meat was presented to the Navy and various other quarters as a sample. A commercial treaty is shortly to be signed between Uruguay and Japan.

Many Japanese Students Arrested as Communists

As a result of the publicity ban having been lifted in Kyoto June 20, it was learned that 60 persons, including three women, out of 410 rounded up in connection with Communist movements last September, were found culpable by the local judicial authorities. They will be formally arraigned shortly. Among these persons, most of whom are college students, are sons of two prominent citizens of the Kansai district. One is Hideo Seki, second son of Dr. Hajime Seki, Mayor of Osaka, and the other is Ichiro Kawahashi, son of Toyojiro Kawahashi, local politician and Minseito member of the Diet.

These lads and young women, following the extensive round up of "reds" on August 26, 1931, are alleged to have striven clandestinely to restore the Japan Communist Party, by establishing cellular communication with Kyoto Imperial University and other educational institutions.

From September 3, 1932 until March 18, 1933 the police rounded up 410 persons who have since undergone investigation at the hands of Procurators Kokubu and Osaki, who are in charge of cases against radicals in the Kyoto District Court.

The movement to re-organize Japan Communists has been going on with Sukezaemon Iida, the prime mover. He fled to Tokyo on the occasion of the first round-up of August 26, 1931, and when he and his associates met on March 18 last year, they were said to have decided on the line-ups of provincial chapters.

Arrests Made in Shanghai

Details were also made public concerning 19 suspects arrested in Shanghai. The activities of those involved in the Shanghai case are regarded as being of a more serious nature as they were directed at Japanese sailors. The accused allegedly organized various secret societies including the special Japanese branch at Shanghai of the China Communist Party; a branch at the Toa Dobun Shoin of the China Communist Youth Party; a sailors' council of the League of Anti-Imperialistic Japanese in China, etc. Radical handbills were allegedly distributed among the Japanese blue jackets in Shanghai and among the students of the Tao Dobun She-in. Similar handbills were distributed in Hongkew Park shortly before a parade of Japanese sailors was held on January 9.

Majority of Students Released

Thirty-one of the 38 students in the demonstration in the compound of the Tokyo Imperial University June 21 were released by the Police. The other seven were held for further examination, the authorities suspecting that they are affiliated with a left wing organization. As reported last week, the students staged a demonstration, as a result of which the Police were called in. The Police handcuffed the ringleaders and took them to the police station.

In the course of a report on the Left students question at a recent Cabinet Council, Dr. Koyama, Minister of Justice, said that the number of students indicted since April, 1928, up to March this year totalled 2,499. Of the total of the students indicted, 826 were students of higher educational institutions, 537 of secondary schools and 1,136 of primary schools. Classified according to the character of institutions, 2,222 Left students attended Government schools, 351 public schools and 726 private schools.

While over a hundred students of Tokyo Imperial University have been released, twenty students of Kyoto Imperial have been arrested on communist charges. These twenty have taken an active part in the agitation against the dismissal of Professor Takigawa, and it is alleged that have been attempting to lead the dispute along untoward lines. Other arrests are expected.

Thirteen remants of the Communist students of Chiba Medical College have been rounded up. It is alleged that they have been distributing communist literature.

Would-Be Assassins of T. V. Soong Plead Guilty

Judgment was to be given during this week by Judge Wu Ting-chi of the First Special District Court in the case in which the three principals of a "political assassination gang," Li Sung-te, Chang Yu-cheng and Chaw Kuo-liang, all natives of Hupeh, who had pleaded guilty to an attempted assassination of T. V. Soong, Minister of Finance, and members of the Lytton Commission. It was revealed during the imestigations that the assassination gang first made an attempt on the life of T. V. Soong at the North Station in July, 1931, which resulted in the tragic death of the finance minister's secretary, Tang Yu-jen. The group then planted a bomb in Mr. Soong's residence at 83 Route Pichon in March, 1932 at the time when the Lytton Commission was in Shanghai last year. The group also plotted unsuccessfully the wholesale assassination of members of the League Inquiry Commission.

Alleged Murderers of Late C.M.S.N. Manager on Trial

The three alleged murderers of Chao Teh-chao, former director of the China Merchants' Steam Navigation Company, were arrested by the Shanghai Police at Sincere's Roof Garden June 30. The three men, Cho Tsuh-chang, Kuh Wan-shang and Gun Wan-kiang were accused in the District Court the following day of having murdered Mr. Chao on April 29, 1931, as he was entering the office of the China Merchants' Steam Navigation Company.

Joint Factory Inspection Bureau to Be Established

The *China Times* stated that the pending negotiations between the Foreign Settlement and the Chinese City authorities contemplate the establishing of a joint factory inspection bureau by the two Municipalities. The bureau is to have seven members, four of whom shall be appointed by the Chinese authorities and the remaining three shall be representatives of the Shanghai Municipal Council; the existing Chinese Labor Law is to be regarded as effective in the Settlement.

Stirling Fessenden, on behalf of the Foreign Council and O. K. Yui on behalf of the Chinese city give different versions of the negotiations, but it is probable that the eventual outcome will be as above stated.

Americans in Shanghai Celebrate Independence Day

American Independence Day was celebrated July 4 this year by Americans in Shanghai with the usual enthusiasm that has marked the occasion for many years past. A military parade and flag-raising took place at the Race Course at 8 a.m., under the direction of Lieut.-Col. E. P. Moses. An "at home," took place at noon at the American Consulate-General, where Consul General Cunningham received foreign and Chinese officials and American citizens and their friends. A reception was held by the American members of the American Club. The Columbia Country Club entertained in the evening.

American Returned Students' Association Elects Officers

H. Y. Mao, former vice-Minister of Industry, was elected president of the American Returned Students' Association at a meeting held in the new Chinese Y.M.C.A., Boulevard de Montigny, June 30. Speeches were made by Dr. C. T. Wang, former minister of foreign affairs, Dr. Herman C. E. Liu, president of the University of Shanghai; Dr. J. Usang Ly, president of the Chiaotung University; L. T. Chen of the Kincheng Banking Corporation; and Dr. Y. S. Tsao.

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Japanese Seize Two Soviet Ships on Spy Charge

Following reports that Soviet Russians were spying in the Kurile Islands, a party of armed Japanese police July 4 seized a 4,000-ton Soviet steamer and a 110-ton Soviet fishing-boat off Makkanro, an uninhabited islet southwest of Paramushiro.

The Japanese police also arrested 30 Soviet citizens and announced their intention of taking the seized vessels and men to Nemuro.

The Russians claim that they were merely supplying water and provisions to a Soviet crab-canning ship which stranded off Makkanro late in May. The Japanese, however, assert that the actions of the Soviet boats were very suspicious and were tantamount to spying and invading Japanese territorial waters.

Soviets Apologize for Murder of Japanese Fishermen

According to an official report reaching the Tokyo Foreign Office from Mr. Ota, Japanese Ambassador at Moscow, M. Sokolnikoff, Vice People's Commissar for Foreign Affairs, on July 2 expressed to Mr. Ota an official apology on behalf of the Soviet Government, for the murder of Japanese fishermen by Soviet coast-guards in Kamchatka, The apology was accepted by the Japanese Ambassador. This is thought in Tokyo to end the incident. The official report to the Tokyo Foreign Office stated that the Soviet authorities took the attitude that the act on the part of the coast-guards had been contrary to Soviet laws and, therefore, the Soviets would duly punish the culprits.

Japanese Commits Depredations in Soviet Building in Tokyo

A man named Hajime Suritate, who is a member of a reactionary society, armed with a sword, entered the house of the Soviet trade Commissioner in Tokyo July 3 and proceeded to destroy the furniture. After smashing things up, he surrendered to the police and explained that he had been actuated by indignation at the recent reported murder of three Japanese fishermen off the coast of Kamchatka. The Japanese Government later apologized for the incident.

No Agreement Yet Reached in C.E.R. Negotiations

The negotiations between the Soviet Government and Manchukuo for the transfer of the C.E.R. were opened for the third time July 3 in the official residence of the Vice-Minister of the Foreign Office in Tokyo after a four day's recess. Discussions regarding the sale price and various other conditions relating to the sale of the railway took place.

A communique was issued in Tokyo July 4 regarding the plenary session of the Manchukuo-Russian conference, held the previous day. The memorandum says the Soviets have offered to sell the Railway proper for G.Rs.210,000,000, plus G.Rs.40,000,000 for the Soviets' extensive timber and other concessions in North Manchuria in connection with the Railway. The counter-offer of Manchoukuo is G.Rs.50,000,000 exclusive of property.

The point was made by Manchukuo at the negotiations that the railway, in the future, will be valueless, seeing that the Manchukuo Government is now making preparations to build parallel and vertical lines to the C. E. R., which is suffering a defict of two to three hundred roubles every month.

The Soviets countered that the transfer of the railway to Manchukuo literally means the withdrawal of Soviet influence in Manchuria, and accordingly, the Manchukuo Government must take proper measures to ensure the political and ecomomic position of the Soviet Union in the Maritime Provinces and in North Saghalien.

As regards the alleged French claims on the railway the Soviet Government (according to *Rengo*) does not think them sufficiently worth while to bring them up at the conference, while it also considers that the Chinese protest would not cause any trouble in the management of the railway.

Moscow Izvestia June 30 stated that the progress of the C.E.R. negotiations at Tokyo will serve as a gauge of the peaceful intentions of Japan. The Soviets says that their proposal to sell demonstrates the firm policy of peace being pursued by them, despite the greatest provocations in the Far East.

Manchukuo Builds Two New Gunboats for Sungari Service

Two new gunboats, the *Tatung* and the *Limin*, were launched at Harbin June 27 in the presence of General Chang Ching-hui, Manchukuo Minister of War, and Rear-Admiral Kabayashi, Japanese naval representative in Manchukuo. The new boats were constructed in Nagasaki by the Mitsuibishi Zosen Kaisha and sent to Harbin to be assembled.

Manchukuo Unifies all Railways Under One System

As a result of the unification of railway systems throughout Manchuria by the contract signed between Manchukuo and the South Manchuria Railway recently under the terms of which the S.M.R. has been entrusted with the management of all State railways, staple products commencing in the autumn will be shipped to Dairen by the establishment of direct connections between the State railroads and the S.M.R. line. In preparation for the opening of direct connections, the S.M.R. has already changed most of the couplings and brakes of the locomotives, passenger coaches and freight cars on the Kirin-Changchun, the Kirin-Tunhua, the Ssupingkai-Taonan, the Taonan-Angangchi, and the Tsitisihar-Kushan railways, so as to conform to those of the S.M.R. line. As the result of the new arrangement, 5,000 freight cars of the State railways will be run directly on to the S.M.R. tracks.

According to the Provincial Bureau of Information of Fengtien, the project for a complete wireless communication throughout the Province is taking such form as to be used far actual transmission by the end of July. The wireless transmitting and receiving stations are being constructed within the province, except the one in Mukden, which is equipped which 22 sets of machines.

A. F. Edwards, Advisor to the Manchukuo Government, arrived in Changchun from Tokyo July 4. During his stay there he met Henry Pu Yi, the Chief Executive of the State, Premier Cheng Hsiao-hsu and other prominent Manchukuo officials.

Twenty-four Manchurian teachers, selected by the Ministry of Education from among the schools in various places of Manchuria left Changchun, June 29, on an extended inspection tour of Japan.

Mutinous North-East Warships Headed for Canton

The three Chinese war vessels—the cruisers *Hai Chi* and *Hai Shen* and the training ship *Tsao Ho*—which refused to obey the orders of Admiral Shen Hung-lieh, Mayor of Tsingtao and commander of the North-eastern Naval Squadron, following an attempt by one of the sailors on his life at Tsingtao June 24 and later sailed out of the harbor, were observed off Wenchow July 4, headed for Canton.

The fact that one Captain Fang on one of the ships, who is now serving as the commander of certain forts in Canton, made an attempt on General Shen's life last year, has given ground for the belief that the three gunboats are going to Canton. General Han Fu-chu, governor of Shantung, has proposed two ways of settling the dispute. He is willing to send all officials participating in the mutiny to foreign countries to study naval matters. He is also ready to reinstate them in their positions should they return with their vessels without creating any disturbances.

Settlement Reached on Claims on Old Manchurian Government

A settlement has been reached between the Manchukuo Ministry of Finance and the American, British, French, German and Japanese creditors who have claims on the old regime in connection with the sale of goods to the now-defunct Manchurian Government, according to a recent message from Mukden. The debts of the former regime in this respect have been appraised at Yen 10,000,000 representing 85 per cent of the total. Of this total Yen 3,500,000 was paid to the creditors concerned last December. Of the remaining Yen 6,500,000, a sum of Yen 2,500,000 will be paid in cash on July 10, while Yen 4,000,000 will be paid in August in bonds redeemable within 20 years and bearing interest at the rate of 3.5 per cent per annum.

Who's Who in China

Wang Chi, Government Official; born in Hunan, 1890; graduate of Hunan High Normal College; joined the Tungmenghui (predecesser of Kuomintang) in the closing years of the Ching (Manchu) Dynasty; participated in the Revolution of 1911, serving as a staff officer in the Headquarters of the Commander-in-Chief of the Kiangsu-Chekiang Allied Revolutionary Army and later as secretary in the Ministry of Interior of the Nanking Provisional Government; was sent to the United States by the Government to study and attended the University of California for three years; transferred to Japan and entered the School of Law and Political Science of the Tokyo University, graduating in 1915; returned to China in 1915 as a delegate of the Chinese Students in Japan to protest against the Japanese "Twenty-one Demands" to the Chinese Government; participated in the campaign against Yuan Shih-kai and was appointed Chief Secretary of the Headquarters of the Commander-in-Chief of Hunan Revolutionary Army and concurrently acted as Commissioner of Civil Administration of Hunan; member of Hunan Provincial Government ans concurrently Commissioner of Agriculture and Labor and member of the Wuhan Division of the Central Political Council, 1927; chief secretary of the Mass Training Department of the Central Party Headquarters in Nanking, 1928; now reserve member of the Central Executive Committee of Kuomintang and member of the Legislative Yuan of the National Government; previously, he also served as professor of the Chungshan University of Canton and Chinan University at Shanghai; an artist and caligraphist; address: Legislative Yuan, Nanking.

WANG CHI
王祺字淮君

王祺字淮君，湖南人，現年四十三歲，清季入同盟會，卒業於湖南優級師範，辛亥之役加入湖南獨立運動，充江浙聯軍總司令部參謀，及臨時政府內政部秘書，旋被派赴美國留學，肄業加州大學三年，嗣由美轉學日本東京政治大學卒業，民四因反對日本提出之二十一條以留學生代表回國從事運動，民五參加護國討袁之役，由雲南入湘任湖南總司令部秘書長兼湖南民政廳長，民十六任湖北省政府委員兼農工廳廳長，武漢政治分會委員，民十七任中央民衆委員會秘書長，現任中央候補執行委員兼任立法院委員，又曾歷充廣州中山大學，及暨南大學教授等職，對於書畫頗饒興趣，作品甚多。

United States in the "Red" for Three Billion Dollars Last Year

The United States ended the fiscal year ending June 30 with an official deficit of approximately $1,760,000,000. In addition, the Reconstruction Finance Corporation lent or disbursed during the same period $1,285,000,000 which are not carried in the ordinary budget. The public debt has reached approximately $22,000,000,000, which is an increase of $3,000,000,000 during the year.

The United States started July 1 with a pay-roll reduced by the elimination of thousands of men and women, with a view to spending $1,000,000,000 less in the new year for regular running expenses.

Who's Who in China

(Supplement to the Standard Edition)

There will be published shortly a supplement to the standard book, "Who's Who in China," which will contain some 200 biographical sketches of Chinese men and women who have come into prominence since the Fourth Edition (1931) was issued. It also will contain revisions of some of the sketches which appeared in the Fourth Edition.

For example, the Supplement will contain the pictures and sketches of several leaders who have come into prominence as a result of the Sino-Japanese conflict, such as Generals Tsai Ting-kai, Chiang Kwang-nai and Oung Chao-wan of the 19th Route Army, Chang Chih-chung of the 5th Army; Ma Chan-shan, Su Ping-wen and Li Tu of the Manchurian campaign; Sung Chih-yuan of Chahar, Han Fu-chu of Shantung, Yu Hsueh-chung of Hopei, Chu Ching-lan of the Volunteers, etc., etc., etc.

For those who possess a copy of the last, or Fourth Edition, a copy of the Supplement, is indispensable.

READY FOR DISTRIBUTION ABOUT JULY 1.

No office, home, school or public library is complete without **Who's Who in China**, containing the pictures and biographical sketches of most of China's leaders in the fields of politics, business, education and the other professions. In addition to a record of their careers, it also contains their latest addresses, matters of vital importance to those who would keep up with events in China and the Far East.

The prices, including postage, for the Supplement as well as the standard edition are as follows:

	(In China)	(Abroad)
Supplement	$ 2.50	G.$1.00
Standard Fourth Edition (1931)	10.00	4.00
Both books	11.50	4.50

Send orders with check or postal order to the undersigned,

The China Weekly Review

38, Avenue Edward VII

Shanghai.

Men and Events

Smallpox is rampant in Tokyo with Shitaya Ward as its centre of activities.

The Legislative Yuan is taking a month's recess from July 1, following the usual yearly custom.

The Ministry of Railways has decided to grant special rates for the conveyance of newspapers in bulk.

The new Chinese dollars (made by the Shanghai Mint with a changed design) were put into circulation July 4.

For the second time in the month, Taiyuan was visited by a hailstorm June 29. Hailstones in some places piled up to four inches.

The Kiangsu Provincial Department of Reconstruction has started a campaign against locusts and other insect pests.

General Yu Hsueh-chung, Chairman of the Hopei Provincial Government, assumed his concurrent duties as Mayor of Tientsin June 28.

Signor Lavoni, former President of the Court of Appeal in Rome, Italy, has been invited to become Advisor to the Ministry of Judicial Administration at Nanking.

The Legislative Yuan is stated to be contemplating several minor changes in the Customs Tariff enforced provisonally by the Ministry of Finance since May 22.

The death occurred in London July 1, at the age of 51, of Edward McConnell Wyndham Lawrie, ex-Commodore of British Naval Establishments at Hongkong.

After an extensive stay on the lower Yangtze River, the U. S. S. *Tulsa*, American gunboat in command of Commander Reinicke, arrived in Shanghai on July 1 and berthed at the Navy buoys.

North China generally has experienced exceptionally heavy rainfalls this summer. This coupled with late snowfalls, and little sunshine, has caused the roots of wheat in many districts to rot.

The Shanghai City Chamber of Commerce sent a dispatch to the Ministry of Finance June 30 recommending the early imposition of a dumping tax on foreign rice imported into China.

The marriage took place at the British Consulate in Shanghai, June 30, of Captain John Taylor Kinley, of the Shanghai Pilots Association and Mrs. Irene Howe McIntyre, native of Sterling, Illinois.

The United States Consular jail in Shanghai was abolished June 30, as part of the government's economy move. American prisoners will he hereafter be confined in the Shanghai Municipal jail.

The Ministry of Finance has acceded to the request of the Shantung Provincial Government for the remission of one-third of the Customs export duties on Shantung peanuts and peanut oil.

A recent message from Istanbul, indicated that Sir Miles Lampson, the British Minister to China, would shortly succeed Sir George Clerk as Ambassador to Turkey.

Cotton mills in Hunan province will suspend operations for a period of 40 days commencing July 15 owing to the heavy losses incurred as a result of the dumping of Japanese cotton yarn into the Chinese market.

C. G. Williams was sentenced in the British Supreme Court at Shanghai July 4 to eighteen months imprisonment, after pleading guilty to two offenses involving two Russian girls, one aged 11 and the other five years.

The new railway bridge across the Grand Canal on the Tientsin-Pukow Railway at Hanchwang, just north of the Shantung border, was formally declared open at a ceremony held at the southern end of the bridge June 28.

An order was issued by the Ministry of Industry at Nanking July 2 instructing that steps for the amalgamation of the Gold Bar Department of the Shanghai Stock and Produce Exchange with the Shanghai Gold Stock Exchange be expedited.

C. Van H. Engert, First Secretary of the American Legation in Peiping, received information from the U.S. State Department July 3 that in September next he will be transferred to the American Legation at Cairo as First Secretary.

A. T. Steele, for the past 14 months Manchuria correspondent for the *New York Times*, arrived in Shanghai during the week with Mrs. Steele on a short holiday, preparatory to taking over the *New York Times* post at Peiping. Mr. Steele will operate, as heretofore, under direction of Hallett Abend, in charge of *New York Times* affairs for the entire Far East.

A consignment of 20,000,000 cigarettes which the British American Tobacco Factory had worked overtime in order to ship to Singapore, was totally destroyed by fire June 30 on the s.s. *Indrapeora* lying at the Southampton dock.

The Nisshin Kisen Kaisha is asking the Japanese Government for a subsidy during the next fiscal year of two millon yen, of which it intends to use one and-a-half million for its Yangtsze River service and half a million for the Chinese coastwise service.

Cholera has broken out in Tientsin and many deaths have already been reported. The *China Times* says the Municipal Health Department is handicapped in taking precautionary measures on account of the lack of necessary funds.

Mrs. Lila Rose, lecturer on international subjects, whose home is in New Haven, Connecticut, was in Shanghai this week on her way around the world. Mrs. Rose spent considerable time in Japan and Manchuria prior coming to Shanghai.

General Huang Shao-hsiung, Minister of Interior, returned from the South to Nanking during the week, after successfully clearing up various misunderstandings of the South-western leaders regarding the Central Government's policies.

Marshal Chang Hsueh-liang end of last week returned to Rome after a motor trip to London. A recent message stated that he is now studying the Fascist movement and administration, particularly in regard to the military, air and naval services.

John L. Hendry, son of Mr. and Mrs. J. L. Hendry, and Miss Lois Sells, daughter of Mr. and Mrs. Harold Sells, of Kankakee, Ill, were married by Rev. Dr. J. W. Cline in Shanghai June 7. They are spending their honeymoon in Japan.

The Executive Yuan June 30 approved the petition of General Hsiung Shih-hui, Chairman of the Kiangsi Provincial Government, for a subsidy of $200,000 for the construction of the Kanchow-Taiho-Machiachow section of the Kiangsi Provincial Highway.

The Japanese gunboat *Futami* went aground at a point 35 miles up river from Wushan on June 29, while steaming up to Chungking. It is reported that there was no serious damage to the craft; none on board the vessel received injuries. The vessel was refloated at high tide.

The Nanking Government has ordered the establishment of a special Tax Collection Bureau, the headquarters of which will be opened at 125 Tz Yar Road, Nantao, This brings to an end the wine tax collection monopoly previously granted to certain merchants.

On the ground that the building is not adequate for factory purposes, the Shanghai Municipal Council has ordered the Chinese Yi Yuan Rubber Factory off North Chengtu Road, Shanghai, to close down. The factory announced its temporary suspension of work beginning July 1.

According to an announcement made in Washington June 29, Rear-Admiral Thomas Tinghey Craven, now Chief Coordinator of the Federal Coordinating Service, is to succeed Rear-Admiral Walton Roswell Sexton as commander of Battleship Division One of the Pacific Battle Fleet.

A shipment of silver bullion worth about $2,000,000 was exported to the United States last week on the Dollar liner *President Coolidge*. The s.s. *Taishan* also carried 466 cases of silver bullion to the States during the same week. American banks are buying silver in large quantities at different Chinese ports.

The marriage took place at the Moore Memorial Church in Shanghai June 30 of Miss Wu Yuan-chun, daughter of Wu Ting-chong, president of the Salt Bank and former vice-minister of finance, and Dr. Gideon Tingwe Lew, professor and acting chairman of the biology department in the University of Shanghai.

In connection with current reports that the Hongkong Nudist Society is planning to form a branch society in Shanghai, Wang Yen-sung, a member of the Standing Committee of the Shanghai Chinese Chamber of Commerce, has addressed a letter to Mayor Wu Teh-chen requesting him to prohibit such a movement in Shanghai.

Statistics compiled by the Municipal authorities of Peiping show that there are about 3,000 foreigners resident in the former capital these figures being exclusive of the Foreign Legation Guards. Japan heads the list with 991 Japanese and 349 Koreans; Americans, 509; Russians. 308; Britons, 282; French, 170; Germany, 167. In all 29 nations are listed in the figures of the Municipal authorities. Fifteen years ago there were 1,524 foreign residents in Peiping, as against 2,954 now.

The Shanghai Power Co. was faced with an incipient strike of about 1,000 Chinese workmen at its Yangtszepoo station during the week. The dispute hinges around the retirement of Yang Ou-chiao, head of the workers in the copper-smith department, and the dropping of about 100 Chinese employees recently.

Mrs. Pearl S. Buck, author and graduate of Randolph-Macon Woman's College at Lynchburg, Virginia, in the class of 1914, advised the alumnae of the college June 3 to resolve firmly never to write a novel. But in case they could not resist the urge, she set forth for them a novelist's creed. She said there is no evolution possible toward the perfect novel.

Miss Alice M. Wells of Sumter, South Carolina, a member of the Southern Baptist Mission and of the University of Shanghai faculty, and Rev. Harold E. Hall of Yonkers, Oklahoma, an evangelistic worker in Yangchow, were married by Dr. R. T. Bryan, assisted by Rev. C. C. Marriott, at the University of Shanghai Campus June 29.

The petition of the Ministry of Judicial Administration (transmitted through the Executive Yuan) for the appointment of the Presidents of the Provincial High Courts as concurrently Governors of the Penitentiaries in those provinces which are in financial difficulties was rejected at a recent meeting of the Central Political Council.

The Executive Yuan June 27 decided that the naturalization of Koreans shall continue, but careful examination is to be made of the conduct of all applicants for naturalizations. All Koreans applying for naturalization shall pay fees and stamp duties (for certificates of nationality) the same as applicants of other nationalities; no reduction or exemption is to be granted,

The newly completed Soochow-Kashing Highway was formally inaugurated at Soochow June 28 in the presence of several hundred officials and guests. As in the case of the Nanking-Wuhu Highway, which was formally opened several days previously, the ceremony was presided over by Chin Fen, Secretary-General of the National Economic Council. Mrs. Chin cut the silk ribbon formally opening the road.

Miss Frances Eileen Horn, of New York, assistant librarian of Columbia University, New York and Dr. Toyozo Wada, head of the department of Semitics of Butler University were married in Hartford, Connecticut, June 22. A year ago a prominent American society woman from the same state (home at Milford) married a Chinese who owned a string of restaurants in New York City.

Kasaku Yaouzawa in a letter to the Shanghai *Evening Post* June 30 stating that the consensus of opinion entertained by the local Japanese community is that in order to promote common interests of all the residents and to effect the sound and peaceful development of the Settlement here, the personnel of foreign employees of the Municipal Council has to be changed from the present system of employing mostly British subjects.

The Huai River Conservancy Board met June 30 and adopted the proposal of the Ministry of Industry to borrow part of the funds earmarked for the Board from the British Boxer Indemnity Refund. Proceeds of this loan are to be employed for the purchase of spindles in England to be sold to Chinese cotton spinners on a credit basis. The Board also resolved to appropriate $10,000 for the survey of the Paoying Hu (Lake) in northern Kiangsu.

Coincident with the reduction of staffs of the U.S. Department of Commence in China and the Philippines, similar reductions were made in the staffs in Japan. It was announced in Tokyo June 19 that the American commercial attache in Tokyo, Halleck A. Butts, and the American trade commissioner, Howard Buffington Titus, had resigned by request. Miss Frances Rummel, clerk in the commercial attache's office, also received notice.

Walla Walla, the news magazine issued weekly by the U.S. Marines in Shanghai, came out with a special edition for the Fourth of July. The cover in three colors shows Corporal "Skippy" lighting a giant firecraker. P. L. Crosby contributes a Memorial Prayer by "Skippy," which ends with: "If the Army and the Navy ever gaze on Heaven's scenes, they will find the streets are guarded, by United States Marines."

Upton Close, well known American writer and lecturer passed through Shanghai this week on his way to Manila on a general tour of the Orient. He was accompanied by Mrs. Close and several members of a touring party which he is conducting. After a brief visit in Manila, Mr. and Mrs. Close will return to China for a considerable stay, following which they intend to proceed to Manchuria and Japan,

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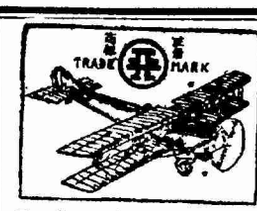

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New Books of Interest in the Far East

A Scholarly Study of Chinese Music

Chinese Music: By J. A. Van Aalst; First edition, 1888; Re-issued and sold by The French Book Store, Peiping, under the authority of the Inspector General of the Chinese Maritime Customs, 1933.

To those who are interested in Chinese music, the re-issuance of this book is certainly a delight. "Amongst the subjects which have been treated with the least success by foreign writers," remarked the author in his introduction, "Chinese music ranks prominently." The reason may be attributed partly to the fact that the Chinese music does not appeal to the Western ear, and partly to the difficulty that precludes the serious study of it. The author justly deplored, "Very few Chinese are able to play on the *ch'in*, the *shêng* or the *yün-lo*, and still fewer are acquainted with the theory of the *lüs*." The professional Chinese musicians are mostly illiterate and ignorant of the principle and system that govern their music, and few educated Chinese ever take the trouble of thumbing old books merely for acquiring a knowledge of what belongs to the despised class. A competent instructor in Chinese music is seldom encountered with and to study it all by oneself must needs have a good library and a mastery of the Chinese classics. Mr. Aalst's book, therefore, is indispensable to those who desire to study Chinese music but have no access to it.

The book consists of seven chapters, namely: 1. on ancient music, 2. on Chinese music, 3. Chinese system of notation, 4. ritual music, 5. popular music, 6. description of instruments, 7. conclusion. Of these seven chapters, the second and third, being devoted to a general systematic study of Chinese music, are of great value to the interested reader. The fourth, fifth, and sixth chapters are interesting but far from being exhaustive, at least from the Chinese standpoint of view. As a whole, the book gives fairly accurate interpretation and useful information of Chinese music.

Mr. Aalst shares the general opinion of foreigners that the Chinese music is "monotonous, noisy, and disagreeable." He enumerated the following points of view as the reason:

> "1. The intervals of the Chinese scale not being *tempered*, some of the notes sound to foreign ears utterly false and discordant.
> 2. The instruments not being constructed with the rigorous precision which characterises our European instruments, there is no exact justness of intonation, and the Chinese must content themselves with an *a peu pres*.
> 3. The melodies being always in unison, always in the same key, always equally loud and unchangeable in movement, they cannot fail to appear wearisome and monotonous in comparison with our complicated melodies.
> 4. Chinese melodies are never definitely major nor minor; they are constantly floating between the two, and the natural result is that they lack the vigour, the majesty, the sprightliness, the animation of our major mode; the plaintive sadness, the tender lamentations of our minor mode; and the charming effects resulting from the alternation of the two modes."

Mr. Aalst's second criticism may be accepted by fair-minded Chinese but the rest will probably meet their objection.

As to *temperament*, it is impossible to say whether the Western tempered scale is better than the Chinese untempered, or *vice versa*. In the sixteenth century, Prince Chu Tsai-yo initiated "the 12 even *lus*" which coincide to the 12 semitones of the Western tempered chromatic scale. Wang Kwang-chi, in his authoritative book, *A Study of the Musical Systems of the East and the West*, gave his opinion on the tempered music. "The *fifth* of Prince Chu's 12 even *lus*," he commented, "being 0.00977 lower than that of the ancient (untempered) 12 *lus*, is altogether impure. That is the greatest defect of his system. The same defect is shared by such Western instruments as the piano and the organ." The Western ear is accustomed to the tempered scale and the Chinese ear (excepting that which is Westernized) to the untempered. The Westerners deem the Chinese music "monotonous, noisy, and disagreeable" and the Chinese think the Western music detestable. They are both right if not both wrong.

The melodies of Chinese music, as Mr. Aalst observed, are always in unison, but they are not necessarily "always in the same key, always equally loud and unchangeable in movement." Moreover, they are not "never definitely major nor minor" and "constantly floating between the two" as Mr. Aalst thought. Probably, his statements are meant for the Chinese popular music only. The classical Chinese music is *not* always in the same key, always equally loud and unchangeable in movement; and it is definitely major or minor and not floating between the two. For example, in the *Book of Poetry*, the 74 verses of *Hsiao-ya* are all in the major mode and the 160 verses of *Kuo-feng* in the minor mode. But Mr. Aalst can not be blamed because the classical Chinese music is scarcely played by Chinese musicians and foreigners very seldom can have a chance to hear it.

It should be borne in mind, however, that the ancient classical Chinese music is of a higher order than the popular Chinese music which was brought into China in the past by her less civilized invaders. A greater part of the ancient Chinese music is now lost and what has survived is neglected and probably will be lost sooner or later. Music, in ancient China, occupied a very important place. In the six courses of study opened by Confucius to his disciples, music ranked second. Rite and music were then considered the primary elements of culture. At present, however, the Chinese music is sinking low and, in the shade of Western music's growing popularity, it may completely fade into oblivion.

In the opinion of the present writer, it is more urgent to reform the existing Chinese music than to go back to the Confucian days. China is in the process of rejuvenation and the music she needs is that which may give expression to her new life. Neither the ancient Chinese music nor the Western music is fit to be her new music. The former belongs to the dead past and the latter has an sentiment alien to the Chinese. It is the task of the musically inclined Chinese to study into both and create something new. Mr. Aalst's book will be of value to those who desire to take up such a task.

YAO HSING-NUNG.

A Pioneer in the Philippines

Life Or Death in Luzon, by Samuel E. Kane. Published by The Bobbs-Merrill Company. Gold $3.50.

Some thirty odd years ago Samuel E. Kane went to the Philippine Islands with the American army, and spent many weary months on the trail in pursuit of the rebel leader, Aguinaldo. When the back of the revolt was broken Kane elected to remain in the islands as a civilian. He has remained there ever since. This book is his personal story of his experiences, and is, therefore, essentially autobiographical.

Kane's search for gold carried him into the wild mountain provinces of northern Luzon where he came to understand the customs, language and rites of the Igorots better than any other white man. He eventually was made Governor of Bontoc Province, and his intelligent and sympathetic administration of the provincial affairs caused him to be regarded as a Chief by the tribes of Bontocs, Ifugaos and Kalingas.

The author failed in his search for gold, but he filled thirty years of his life with something more precious: adventure, hardship, extraordinary risks and pleasure known only to the handful of pioneers that has the courage and stamina to penetrate the frontiers of civilization. An observant eye and a ready memory have enabled him to portray for his readers the life and traditions of the primitive people of northern Luzon in an amazingly well told story that is more thrilling than fiction. Kane's naive frankness regarding the intimate details of his personal experiences adds zest to the tale.

E. F. C.

A Missionary's Disciple Seeks God

The Adventures of the Black Girl in Her Search for God. By George Bernard Shaw. Dodd, Mead & Company, New York. 1933.

This clever, profound, and beautiful little book should have special appeal to Chinese who have come at some time under missionary influence, however they were affected by the Christian teaching. The book tells the story of a missionary's disciple—a black girl, not a "yellow" one—who goes out into the African forest searching for God, taking the Bible with her as guidebook. She finds not one God but several, all referred to in her faithful guidebook, from the Lord of Hosts who demands blood sacrifices and rules by fear (a monstrous Bogey Man) to the spirit whose other name is Love. Her adventures "could hardly have happened to a white girl steeped from her birth in the pseudo Christianity of

the Churches... The missionary lifted her straight out of her native fetichism into an unbiassed contemplation of the Bible with its series of gods.... When she reaches the end.... love is not enough.... it is wiser to take Voltaire's advice by cultivating her garden and bringing up her piccaninnies." She marries (much against his will) an Irishman (who, judging from the engravings, is none other than Bernard Shaw himself), manages him and their charmingly coffee-colored children very capably, and even comes to be "quite fond of them."

Shaw has already shown—especially in "Androcles and the Lion" and the brilliant preface to it—his ability as a Bible student if not a theologian. The present book is another example of his erudition and clarity of thought, and was inspired, he tells us in a "preface" at the back of the little volume, when he "was held up in Knysna for five weeks in the African summer and English winter of 1932." Quite naturally the Bible, as a "collection of ancient books written by different authors in different stages of culture," contains a series of wholly distinct and different presentations of God, which however are accepted unthinkingly by the orthodox regardless of mutual contradictions and inconsistencies.

The series itself, Shaw points out, gives a unique value to the Bible, if the work be considered without prejudice. The book, "while scientifically obsolete in all other respects, remains interesting as a record of how the idea of God...develops from a childish idolatry of a thundering, earthquaking, famine striking, pestilence launching, blinding, deafening, killing, destructively omnipotent Bogey Man, maker of night and day and sun and moon,.... to a braver idealization of a benevolent sage, a just judge, an affectionate father, evolving finally into the incorporeal word that never becomes flesh, at which point modern science and philosophy takes up the problem...

"The study of the development of a hypothesis from savage idolatry to a highly cultivated metaphysic is as interesting, instructive and reassuring as any study can be to an open mind and an honest intellect.. And yet our children are taught, not to exult in this great triumph of spiritual insight over mere animal terror of the Bogey Man, but to believe that Micah's God and Job's God and Noah's God are one and the same, and that every good child must revere the spirit of justice and mercy and humility equally with the appetite for burnt flesh and human sacrifice, such indiscriminate and nonsensical reverence being inculcated as religion."

The black girl, however, faces not only Biblical gods, prophets, and philosophers, but some others as well, including Allah (whose prophet wishes to add her to his harem). She fails to meet, however, the Far Eastern gods, even the recently invented Emperor-God of Japan.

Shaw does not refer to Jehovah's origin as a storm-god of the Midianites, taught by the priest Jethro to his son-in-law Moses, who succeeded (counselled by his Midian father-in-law) in overthrowing the rival gods of the Jews only after a most bitter and sanguinary struggle in which thousands of men were killed.

As may be understood, there is nothing tedious or pedantic in the tale. It is most cleverly and charmingly done. And the beautiful woodcuts by John Farleigh, fully in the spirit of the book, are themselves worth the price of it.

H. H.

The Adventure Business

Yonder Lies Adventure, by E. Alexander Powell. 452 pp. U.S. $3.50. The Macmillan Company, N. Y.

Mr. Powell has an excellent sense of the dramatic values in incidents. He knows how to depict them in an amusing and often exciting way, and how to intersperse his narrative with them so that it reads easily, smoothly and without boredom. In this story of himself and his adventures in many lands he has utilized incident to a high degree, and the result is an interesting and entertaining volume.

Yonder Lies Adventure is largely autobiographical, though it does not attempt to give a detailed nor necessarily a connected story of the author's life. It tells more of what the author has seen and heard during a lifetime of "the adventure business" rather than *why* he did things, and it thus resembles a travel account, with its glimpses of foreign lands and many peoples, more than the mere record of one man's life. But through it all is the spirit of the man Powell: consul, traveller, newspaper correspondent, magazine writer, author, and professional glamor-chaser.

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Powell is the author of 12 books of travel, five books on the Great War, three books of history, and six books on world politics, besides innumerable essays and articles. A man of such prolificity commands respect if only by his industry and enterprise. Powell himself suggests that his fame rests on the quantity rather than quality of his production, but that is not strictly true; several of his works are of lasting value.

People who long for the far horizon will be interested in some of this author's comments on his profession; one of the delightful things about the volume under review is a certain intimate and confidential tone to it. He writes:

"One of the inconveniences attached to my profession is the constant gadding up and down the world that it entails. . . After more than thirty years of this interminable travelling it has become, I must confess, something of a chore. For me life has ceased to hold much that is novel or exciting. I have squeezed the orange till it is all but dry."

Yonder Lies Adventure is presumably the last squeeze. In it are collected what one supposes has escaped compression in previous volumes. But if obtained close to the rind, the account seldom reveals it; there is vigor and freshness in the writing despite the fact that much of it is reminiscence and much ancient history.

The author's quest for adventure has brought him in contact with Europe's withered royalty; with Vesuvius in eruption; with Italian brigands; with the emirs, shahs and sultans of the Near East and Africa; with Teddy Roosevelt when he was president; with spirit-rappers, Circassian slave girls and their traders; with Lord Kitchener, Porfirio Diaz, patent-medicine salesmen, missionaries, spies, horse-fanciers and leaders of the Great War. He tells of incidents and adventures woven round such subjects in a narrative often absorbing.

Of more than casual interest is the account Powell gives of a conversation he had with the late President Roosevelt, while they were fellow passengers aboard the *Hamburg*, in 1919. Roosevelt was discussing the peace negotiations which at his instigation had brought to a conclusion the Russo-Japanese War of 1904-5.

"It will probably astonish you," Powell quotes Roosevelt as saying, "to learn that I jammed through the Treaty of Portsmouth because I had been secretly implored by the Japanese government itself to intervene and bring about a cessation of hostilities *on my own initiative*. Rather a peculiar phrasing, wasn't it? The message from the Emperor, making this extraordinary request, was brought to the White House late one evening by the Japanese ambassador, who insisted on seeing me even when informed that I had retired for the night.

"The truth was that the Japanese had to have peace. . . When I intervened, Japan was on the verge of collapse. She was bled white. . . Had the war continued, the Japanese probably would have taken Harbin and Vladivostok, but the effort would have prostrated them. The Russians unquestionably would have won in the long run. They did not yield to Japanese arms, but to the government's fear of a revolution.

"Shortly after the signing of the treaty the Japanese ambassador called on me and asked for the return of the letter which he had brought to me in the night asking me to intervene 'on my own initiative.' You see, it wasn't the sort of letter that the Tokyo government wanted to have lying around, for it placed Japan in the position of having begged for peace. . . I told the ambassador that it was a paper of such great importance that I did not see my way clear to return it, but that its contents would not be divulged."

E. S.

Sears Roebuck Has Owned Encyclopaedia Britannica Since 1927

According to a report appearing in the June 3 issue of the *New Yorker*, the well known British *"Encyclopaedia Britannica,"* has been purchased by the American mail-order house, Sears Roebuck and Company of Chicago. E. H. Powell, president and treasurer, and a director of Encyclopaedia Britannica, Inc., of New York, and also a director of Encyclopaedia Britannica, Ltd., of London, confirmed the report in a statement to the *New Yorker*. The first edition of this important work was brought out in three volumes in Edinburgh in 1768 by an organization called "A Society of Gentlemen in Scotland." In 1902 a corporation was formed and even at that time the British branch was a subsidiary of the American corporation. The eleventh edition was issued in 1910 and in 1915 the so-called handy-volume edition was issued. It was about this time that a Willard Huntingdon Wright raised serious objection to the Encyclopaedia Britannica on the grounds it was "too pro-British." All publication rights were actually purchased by Sears Roebuck in 1927, since which time it has been entirely American owned. The fourteenth edition, issued in 1929 is said to have cost U. S. $2,500,000. Under the present editorial scheme, there are two editorial offices, one in America and the other in England. Each checks the other's work, the English articles being sent to America for criticism and vice versa.

British Boxer Fund Building Inaugurated at Nanking

The new "British Boxer Indemnity Fund" building in Shansi Road, Nanking, was formally inaugurated July 3, the corner stone being laid by Dr. Chu Chia-hua, Minister of Communications, and a member of the standing committee of the trustees. The corner stone was erected on a small platform covered by Chinese and British flags. On the wall behind the platform was a portrait of Dr. Sun Yat-sen together with a Chinese flag. Proceedings opened with the playing of the Chinese National Anthem.

Perfect weather and a distinguished gathering marked the ceremony. The site of the new building is near the Central Kuomintang headquarters on the Chung Shan Road.

Chu Chia-hua, after reviewing the history of the establishment of the board of trustees and their work during past months, declared that hitherto the board had devoted its energy towards productive projects, especially the construction of Chinese railways. "It is hoped," he stated, "that the board will now concentrate its attention upon the educational program."

E. B. M. Ingram, representing Sir Miles Lampson, read a message from the British Minister which stated that accumulation of work after his recent trip to the upper Yangtse prevented him from personally attending the ceremony, but expressed his satisfaction that the board had worked smoothly since its inauguration. Mr. Ingram declared that the board were really ambassadors of Great Britain and China, and that on their shoulders would rest the responsibility of fostering friendship and cooperation between the two countries.

Lo Wen-kan, Chinese Foreign Minister, expressed satisfaction that a loan had been approved for the completion of the Canton-Hankow railway, and that steps were being taken towards the development of education, and the sending of more Chinese students to England for higher education.

Ku Meng-yu, Minister of Railways, following, said that while capital was essential for the construction of railways, funds for administration were equally important. He hoped for closer Sino-British cooperation in the development of railways in China.

Corner Stone of New Foreign Office Building Laid

Dr. Lo Wen-kan, Minister of Foreign Affairs, presided and spoke at a brief ceremony at Nanking July 3, of the laying of the corner stone of the new Foreign Office building. The new structure is near the present offices.

How the Canton-Hankow Railway Loan Will Be Secured

The agreement for a loan to be advanced to the Canton-Hankow Railway was revised and adopted at a meeting in Nanking July 1 by the Board of Trustees of the British Boxer Indemnity Refund. According to the proposed agreement, the loan, which amounts to a total of £4,700,000, is to be secured on the following:

1. Secondary lien on the receipts of the existing Canton-Shiuchow section of the Railway, these revenues having in the first instance been pledged for the redemption of the original loan for the construction of the Line.
2. First lien on the receipts of the new section of the Line from Shiuchow to the Kwangtung-Hunan border.
3. Second lien on the receipts of the Nanking-Pukow Ferry, these revenues having in the first instance been pledged for the redemption of the loan for the construction of the railway ferry itself.
4. First lien on proceeds from increased passenger fares and freight rates on all national railways under the direct jurisdiction of the Ministry of Railways.
5. Second lien on the receipts of the Peiping-Hankow Railway.

The agreement also stipulates that the Board may appoint an auditor to inspect the accounts of the entire line of the Canton-Hankow Railway while appointees of the Board may also inspect revenue conditions regarding the various securities pledged as above.

In the United States Court for China

LAWRENCE A. SYLVIA
Plaintiff,
vs.
MARGARET D. SYLVIA
Defendant.

Cause No. 3548
Civil No. 1606
ORDER
Filed at Shanghai, China
June 22nd, 1933
L. T. Kenake,
Asst. Clerk

The object of this suit is an action for Divorce

WHEREAS, plaintiff herein, in his attorneys, has this 21st day of June, 1933, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 21st day of June, 1933, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 21st day of June, 1933, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since the past 3 years, and that defendant's last known address was 67½ Pleasant Street, Cambridge, Massachusetts.

NOW, THEREFORE, it is this 22nd day of June, 1933, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "CHINA WEEKLY REVIEW" Shanghai, China, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 15th day of July, 1933, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 22nd day of June, 1933.

MILTON D. PURDY,
Judge.

In the United States Court for China

EDWIN WILLIAM NORMAN, Plaintiff,
vs.
DOROTHY IVAN MARY NORMAN, Defendant.

Cause No. 3549
Civil No. 1607
ORDER
Filed at Shanghai, China,
July 3rd, 1933
JAMES M. HOWES,
Clerk.

The object of this suit is to secure a decree of divorce.

WHEREAS paintiff herein, on the 3rd day of July, 1933, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 3rd day of July, 1933, the Summons for defendant was returned by the United States Marshal for China, "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 3rd day of July, 1933, EDWIN WILLIAM NORMAN, the plaintiff herein, filed an affidavit to the effect that the defendant, DOROTHY IVAN MARY NORMAN, does not reside within the jurisdiction of this Court and that she has not been a resident of this jurisdiction within the past six months.

NOW, THEREFORE, it is, this 3rd day of July, 1933, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 22nd day of July, 1933, the last day of publication of this ORDER; otherwise the case will be proceeded with as in case of default.

BY THE COURT: MILTON D. PURDY,
Shanghai, China, Judge.
July, 3, 1933.

Real Estate Review of the Central and Northern Districts by Realty Investment Company

Beyond the Northern boundary a certain amount of construction on new ground is taking place, and some rebuilding of the destroyed factories is noticeable. Very few lots have been offered in either district, and there has apparently been no change in the prices of the lots already on the market. Mortgages have been given at the rate of 8%, and we hear that a mortgage for Tls. 800,000 has been closed in the French Concession at this rate.

Considerable improvement has been made on the roads North of the Settlement boundary, this being especially noticeable on the roads leading to the Civic Centre. In the Settlement, repair work has been going forward steadily and that on the mains laid down on Peking Road, which proved so disorganising to traffic, is now almost completed.

One is impressed by the building activity so constantly in progress, on every side. High buildings and shops continue to spring up rapidly, and in spite of constantly touring each district, one is met continually with a fresh surprise.

RECENT SALES

60 Mow on Pearce Road.
5 Mow Poyang Road at Tls. 10,000 per mow.
4 Mow Sinza & Seymour Road at Tls. 42,000 per mow.
A mortgage of Tls. 800,000 has been negotiated in the French Concession at 8%.
1 Mow 9.0.0. Route Paul Henry, Title Deed Tls. 28,000 per mow.

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May. 5, 1928 Vol. 44 No. 10

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The National City Bank of New York, Rates of Exchange

Shanghai, July 5, 1933.

Demand selling rate on America:	U.S. $100=Sh. $354.77
Demand buying rate on America:	U.S.$100=Sh. $350.88
Demand selling rate on London:	£1.0.0=Sh. $15.868
Demand buying rate on London:	£1.0.0=Sh. $15.610

65-280

Latest New York Stock Exchange Quotations

Market—Strong Business Done 6,720,000 Shares

July 4, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Sat. Jul. 1	Mon. Jul. 3
11 7/8	1 5/8	—	Adams Express	11 7/8	12 1/2
129 1/4	42 1/2	*6.00	Allied Chemical & Dye	129 1/4	133 3/8
21 3/8	4	—	Allis Chalmers	21 3/8	22 1/2
95 1/2	29 5/8	4.00	American Can	93	95 1/4
19 5/8	2	—	American & Foreign Power	17 1/8	17 7/8
41 1/2	5	—	American & Foreign Power 7% Pfd.	33 1/2	36 3/4
18	1 1/8	—	American & Foreign Power Warr.	11 3/4	12 1/2
20 7/8	1 1/2	—	American Metal Co.	19 1/4	19 1/2
36 7/8	5 1/8	—	American Smelting	35 5/8	37
137 3/4	70 1/4	9.00	American Telephone & Telegraph	129 1/2	131 1/4
93	44	5.00	American Tobacco "B"	90 1/2	92 1/2
40 1/2	11	1.00	American Waterworks	37 3/8	39 3/8
19 3/8	3	—	Anaconda Copper	18	18 3/4
18 1/2	4 1/4	—	Atlas Corporation	17 3/4	18 1/4
151 3/4	28 3/4	2.00	Auburn Automobiles	66	69 7/8
23 1/4	3 3/4	—	Baltimore & Ohio	28 1/4	32 1/2
42	7 1/4	—	Bethlehem Steel	42 1/2	46
43 1/8	18	1.60	Borden Company	36 5/8	36 1/4
20	3 3/8	—	Borg Warner	20	21
20 5/8	7 1/4	—	Canadian Pacific Railway	18 1/8	19
92	16 3/4	—	Case, J. I.	90 1/2	95 1/4
47 7/8	19	2.00	Chase National Bank	29	30 1/2
41	4 7/8	2.00	Chesapeake Corp.	40 3/4	43 1/2
36 3/8	5	—	Chrysler	36 3/8	38 1/4
26 7/8	4 1/4	.80	Columbia Gas & Electric	24 7/8	25 7/8
7 5/8	1 3/8	—	Commonwealth & Southern	4 1/8	4 5/8
68 3/4	31 1/2	3.40	Consolidated Gas of N. Y.	57 7/8	58 3/8
16 1/4	3 5/8	—	Continental Oil	16 1/4	17 7/8
80 5/8	24 3/4	3.00	Corn Products	80 3/8	82
7 3/8	1 1/4	—	Coty Inc.	7 1/8	7 1/2
8 3/4	7/8	—	Curtiss Wright Company	3 1/4	3 3/8
18 5/8	5	.75	Douglas Aircraft	16 1/4	16 7/8
61 1/2	23	3.00	Drug Incorporated	59 1/2	59 1/4
88 1/4	22	2.00	Du Pont de Nemours	80 5/8	82 1/2
87 7/8	35 1/4	3.00	Eastman Kodak	84	85
48	5	6%S	Electric Bond & Share	35 1/4	37 3/4
16	2 3/4	—	Electric Power & Light	12 7/8	13 5/8
5 7/8	7/8	—	Fox Film "A"	3 1/4	3 1/2
9 5/8	2 7/8	—	General Aviation	8 1/8	8 5/8
26 1/4	8 1/2	.40	General Electric	24 3/4	25 7/8
40 1/4	19 5/8	1.60	General Foods	37 3/4	38 1/8
30 3/4	7 5/8	1.00	General Motors	30 3/4	31 1/2
41 7/8	6 1/8	1.00	General Railway Signal	41 7/8	44 1/2
24 1/2	8 1/4	1.20	Gold Dust	24 1/2	25 3/4
37 3/4	5 1/2	—	Goodyear Tire & Rubber	37 3/8	39 5/8
37 1/4	3 5/8	—	International Cement	37 1/4	37
41 1/2	10 5/8	.60	International Harvester	40 5/8	42 3/4
19 1/2	8 1/4	—	International Nickel	19 1/2	20
19 7/8	2 5/8	—	International Telephone & Telegraph	19	20
53	10	—	Johns Manville	52 3/8	53
22	4 7/8	—	Kennecott	22	22 1/2
72 1/2	30 1/2	2.40	Lehman Corporation	70 1/2	73 3/4
94 3/4	34 1/8	*4.00	Liggett & Myers, "B"	94 1/2	94 1/2
37 3/4	9	1.00	Loew's: Inc.	23 3/4	24 3/8
23 3/8	9	1.20	Lorillard P. Co. (Com.)	22 3/4	23 1/8
26 1/8	3 1/4	—	Montgomery Ward	26 1/8	27 3/4
84 1/4	19 3/4	1.00	National City Bank (bid price)	34 3/4	35 1/8
44 3/8	8 3/4	—	New York Central	44 3/4	51 3/4
43 1/4	13 3/4	8%S	North American Company	32 1/4	34 1/4
87	16 7/8	2.00	Pacific Gas & Electric	28 7/8	29 1/2
6 3/8	1 1/4	—	Packard Motors	5 5/8	6 7/8
33 1/8	6 1/2	.50	Pennsylvania Railroad	33 1/8	36 3/4
4 5/8	1	—	Pennroad Corporation	3 7/8	4
15 1/2	2	—	Phillips Petroleum	15 1/4	16 1/2
60	28	3.20	Public Service of N. Jersey	53 1/4	58 3/4
13 1/2	2 1/2	—	Radio Corporation	9 7/8	10 1/2
7 3/4	1	—	Radio-Keith Orpheum	4	4
46	26 1/2	3.00	Reynolds Tobacco "B"	45 3/8	45 3/4
40 3/8	9 7/8	—	Sears Roebuck	40 3/8	43 1/2
9 3/4	2 1/2	—	Shell Union	9 1/2	10
18 1/2	2 3/4	—	Simmons Company	18	19
14 1/4	5 1/4	—	Socony-Vacuum Corp.	14	14 3/4
32 3/4	15 3/4	2.00	Southern California Edison	26	26
34 1/4	5 1/4	—	Standard Gas & Electric	18 5/8	19 1/4
39 5/8	19 7/8	1.00	Standard Oil Co., of N. Jersey	38 5/8	40
24 7/8	9 1/4	1.00	Texas Corporation	24 7/8	26 1/8
32 1/2	12	1.00	Texas Gulf Sulphur	32 1/2	34
8 1/8	2 1/8	—	Trans America	8	8
42 7/8	15 1/2	1.00	Union Carbide & Carbon	42 7/8	43 7/8
21	27 5/8	6.00	Union Pacific	121	131 3/4
35 3/4	6 1/8	—	United Aircraft & Trans.	35 3/4	37 5/8
14 1/4	3 1/2	.40	United Corporation	12	12 1/8
24	9 1/4	1.20	United Gas Improvement	21 3/4	22 7/8
15 1/2	1 1/4	—	U. S. Rubber	14 1/8	15 3/4
59 7/8	21 1/4	—	U. S. Steel	59 7/8	62 5/8
47 3/4	11	2.00	Universal Leaf Tobacco	48 3/4	49 5/8
27 3/4	5 1/4	—	Vanadium	27	28 1/2
6 1/4	1/2	—	Warner Bros. Pictures	Unq.	6 3/4
48 1/4	15 5/8	—	Westinghouse E. & M.	47 1/2	50 1/4
46 1/2	22	2.40	Woolworth	46 1/4	47 5/8

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